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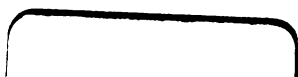


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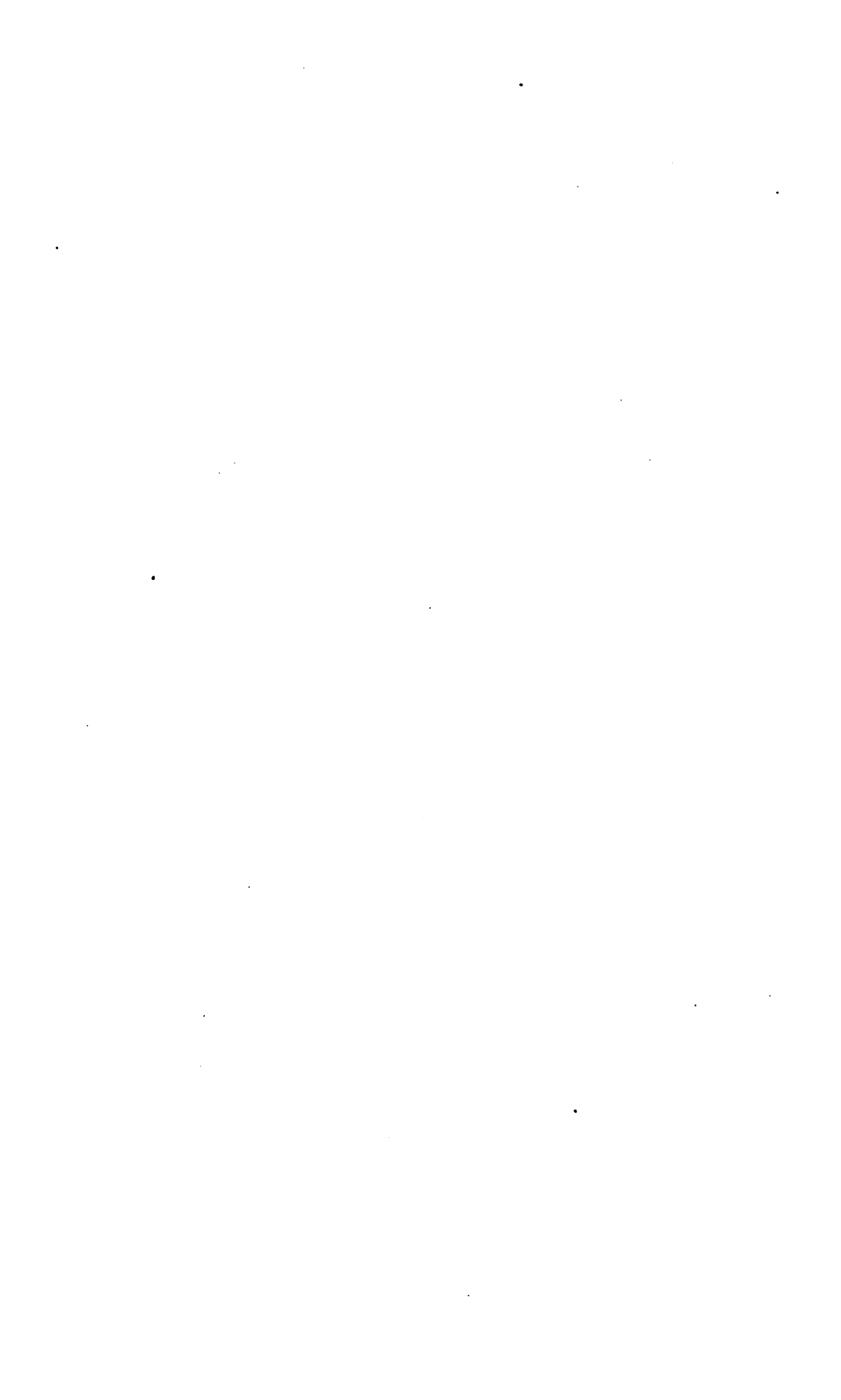
















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P. 7  
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# HEARING

BEFORE THE

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## COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

OF THE

U.S.C. HOUSE OF REPRESENTATIVES

ON

### RESOLUTION 410

REQUESTING THE SECRETARY OF WAR TO  
FURNISH INFORMATION AS TO COAL  
CONTRACTS, PANAMA RAILROAD

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WASHINGTON

GOVERNMENT PRINTING OFFICE

1908

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## HEARING ON HOUSE RESOLUTION 410.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,  
HOUSE OF REPRESENTATIVES,  
*Saturday, May 16, 1908.*

The subcommittee met at 3 o'clock p. m., Hon. Irving P. Wanger in the chair.

The subcommittee had under consideration the following resolution:

[House Resolution No. 410, Sixtieth Congress, first session.]

*Resolved*, That the Secretary of War be, and he is hereby, requested, if it is not incompatible with the public interests, to inform the House whether or not the Panama Railroad Company advertised for proposals for the furnishing of all the semibituminous coal required by said Panama Railroad Company for the ensuing year, and if the said Panama Railroad Company did so advertise for proposals, what bids were received by the said Panama Railroad Company in response to such advertisement, the names of the bidders, the amounts of said bids, and the specifications under which said bids were submitted; and the Secretary of War is further requested to transmit to the House copies of all chemical analyses of the coal offered to be supplied by all the bidders, and all other statements concerning or descriptions of the quality of the coal offered to be supplied by the bidders; and the Secretary of War is further requested to inform the House as to whether any of the bids were accepted by the Panama Railroad Company, and if any bids were accepted, which bid or bids; and whether the bid accepted was the lowest bid submitted; and if the bid accepted was not the lowest bid submitted, why preference was given to any but the lowest bidder.

### STATEMENT OF HON. JOHN GILL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MARYLAND.

Mr. GILL. Mr. Chairman, this resolution was submitted to the House for the purpose of ascertaining from the War Department, which Department has control and supervision of the Panama Railroad Company, under existing statute, what bids had been advertised by the Panama Railroad Company for semibituminous coal for the ensuing year, and further to have furnished by the Department a statement of what those bids were, the names of the bidders, the amounts of the bids, and, further, to ascertain from the War Department whether or not the highest or lowest bid had been accepted by the Panama Railroad Company, and if the lowest bid was not accepted by the Panama Railroad Company, the reasons why the Panama Railroad Company had purchased coal at a higher rate than it could have been purchased for under the returns to their advertisement for the supply of coal. It is probably well to say to you that the specifications set forth that the coal should be Pocahontas or New River coal, or coal equally as good. That is the general purport of the resolution. It seems to me to be a most proper inquiry for information that the House of Representatives certainly should have in

regard to a contract so large as this contract is. The advertisement, I understand, was for 360,000 tons of coal, and the difference in price would increase or decrease the cost of that coal to a very considerable sum to the Government, at least as much as \$75,000. Therefore it is information which the House should have, so that the House may act in regard to this measure, if from the information received there is any reason why action should be taken by the legislative branch of the Government, and I thought it only fair to the committee that we should here submit to you the reasons why the resolution was introduced. A detailed statement can be made to the committee by one of the bidders under this advertisement, so that the committee will have very full knowledge upon which to act upon the resolution. I therefore present to you Mr. Keech.

#### STATEMENT OF MR. E. P. KEECH, JR.

Mr. KEECH. I will run over the details of the evidence very rapidly and simply give you the outline of facts, so that you may be able to seize upon those which would seem material. The bids were advertised under the date of March 11, 1908, by F. C. Nordsiek, assistant purchasing agent of the Panama Railroad Company. They state as follows:

CIRCULAR NO. P-122.—PANAMA RAILROAD COMPANY.

OFFICE OF ASSISTANT PURCHASING AGENT,  
24 State street, New York, March 11, 1908.

Sealed proposals will be received at this office until 3 p. m. Monday, March 23, 1908, at which time they will be opened in public, for furnishing all or any part of 360,000 tons of semibituminous coal required by this company during the twelve months ensuing from date of contract under the conditions hereinafter specified. *Bids for gas or bituminous coals will not be considered.*

Proposals must be signed by the bidder, inclosed in sealed envelopes, addressed to "E. A. Drake, vice-president, Panama Railroad Company, 24 State street, New York," and envelopes marked "Proposals for coal, to be opened March 23, 1908."

F. C. NORDSIEK,  
Assistant Purchasing Agent.

Then, under the head of "For information of bidders," they state:

"Coal to be of the best quality, equal in grade to the product of "Pocahontas" or "New River" regions, as shown by certified analyses and tests; to be run of mine, with a fair proportion of lump, dry and free from slate, sulphur, dirt, and other impurities, and subject to the usual inspection and tests.

The only other provision of these instructions that would seem to be at all material is the following:

The quality of the coal offered, the ability of contractors to furnish it, and the responsibility of the parties submitting bids thereon will be considered in making the award.

As to the other specifications, the conditions could hardly arise. As a matter of fact, the bids were submitted, and every one of them was alike, with one exception. There were 15 bidders.

Mr. WANGER. From what are you reading?

Mr. KEECH. I am reading from a page from one of the trade journals.

Mr. BOSWELL. It is the Coal Trade Journal. This gives the awards, who got the contracts, and the price.

Mr. KEECH. There were 15 bidders. The following companies bid \$2.80 per ton, f. o. b. Hampton Roads, for the supply of Poca-

hontas or New River coal for the period from September 1, 1908, to March 31, 1909:

Berwind-White Coal Mining Company, C. H. Sprague & Son Company, Castner, Curran & Bullitt, Chesapeake and Ohio Coal Agency Company, Chesapeake and Ohio Coal and Coke Co., Smokeless Fuel Company, W. T. Atwater & Co., New River Consolidated Coal and Coke Company, and the Maryland Coal and Coke Company. The two latter companies also bid \$2.65 for coal from April 1 to August 31, 1908.

Apportioning, therefore, the supply as though the requirements were approximately equal throughout the twelve months of the year, they bid at the rate of \$2.65 for 150,000 tons and at the rate of \$2.80 for 210,000 tons, dividing it between five and seven months. The other bids were as follows:

Davis Coal and Coke Company, Thomas coal, f. o. b. Baltimore, \$2.18. Pennsylvania, Beech Creek and Eastern Coal Company, Webster coal, 100,000 tons, f. o. b. Philadelphia, \$2.60; f. o. b. Baltimore, \$2.53. Somerset Real Estate Coal Company, Somerset coal, f. o. b. mines, \$1.15 net. E. W. Williams, Birmingham district coal, at Pensacola, \$2.60. National Coal Company, Georges Creek coal, f. o. b. at Baltimore, \$2.73; f. o. b. at Philadelphia, \$2.80. Merchants Coal Company, Tunnelton coal, at Baltimore, \$2.08; at Philadelphia, \$2.15. Elk Lick No. 3 Georges Creek coal, at Baltimore, \$2.23; at Philadelphia, \$2.30. Orenda coal, at Baltimore, \$2.53; at Philadelphia, \$2.60. Maryland Coal and Coke Company, Imperial coal, at Baltimore, \$2.33; at Philadelphia, \$2.40.

The above prices are about 10 cents lower than those bid for the supply last year. It will be noted that all bids on Pocahontas and New River coal are the same. Of the 12 companies bidding for the contract last year, only 5 were bidders for the supplying of the coal this year.

There were on the Pocahontas coal 9 bidders, all bidding precisely the same price for deliveries at precisely the same points and covering precisely the same period of time—that is to say, they all bid \$2.80 for the same period of seven months and bid \$2.65 for the other period of five months. The bids of the Merchants Coal Company—and I may say that I represent the Merchants Coal Company here, having been its general counsel for many years—were on three grades of coal. As you will observe, the statement of the circular for the information of bidders is that the coal shall be Pocahontas or New River coal, or coal equally as good, and of the three grades of coal on which the Merchants Coal Company bids there is one grade of coal which is almost identical, for all practical purposes, in its analyses and tests, with the New River or Pocahontas coal, and that coal was bid at \$2.53; that is the so-called Orenda coal, and the actual gross cost to the Government during the five months at which the coal would cost \$2.65 under the bids as accepted was \$18,000, and under the bids as accepted for the remaining seven months the difference was \$35,700, making a total of \$53,700.

We have in addition to that this state of facts: Under date of April 29 Mr. F. H. Rosbottom, the secretary of the Panama Railroad Company, addressed a letter to the Merchants Coal Company, in reply to a letter of theirs written under date of April 25, as follows:

PANAMA RAILROAD.  
PANAMA RAILROAD STEAMSHIP LINE,  
24 State Street, New York. April 29, 1908.

MERCHANTS COAL COMPANY,  
Maryland Trust Building, Baltimore, Md.

GENTLEMEN: Your letter of April 25 to the general purchasing officer of the Isthmian Canal Commission has been referred to us for reply. Our company purchases all the



coal required on the Isthmus for the railroad and canal purposes, and when we were in the market last month I believe you submitted bid for same.

For your information I may state that Pocahontas and New River coals are called for by our Isthmus officials, and as a result of the bids that were received orders were placed with the Chesapeake and Ohio Coal and Coke Company for up to 40,000 tons; with the Berwind-White Coal Mining Company for up to 100,000 tons, and with Messrs. Castner, Curran & Bullitt for up to 260,000 tons, f. o. b. Newport News in the case of the New River coal, and Norfolk in the case of Castner, Curran & Bullitt for Pocahontas coal, at the rate of \$2.65 and \$2.80 per ton.

Yours, truly,

F. H. ROSSBOTTOM,  
*Secretary.*

In other words, in accordance with the information contained in the Trade Journal, the particular point in that letter is that Mr. Rossbottom states not that they were after coal as specified in the advertisement, but that they were after New River and Pocahontas coal. In other words, either that the Panama Railroad Company were leading the bidders to make bids without the slightest anticipation of awarding bids to any others but those particular people, or simply that he did not understand, and that the officials of the railroad did not understand, the conditions of their own bidding; that they stood prepared to buy just as good coal that might be offered.

I have here also various reports of tests and analyses of this Orenda coal particularly, because that is the one coal which, strictly speaking, competes with the New River and the Pocahontas coal. I have various reports of analyses of that coal, several of them made by the United States Government, through its various officials and bureaus, some of them by private consumers, some of them by the city of Baltimore, and others by other people. If you care for them we will just file them.

Mr. GILL. Would you like to have these filed?

Mr. WANGER. Yes.

Mr. KEECH. According to the specifications, a copy of one of these analyses made by Captain Pendleton, then superintendent of the Naval Gun Factory at Annapolis, accompanied the bids.

Mr. BOSWELL. We had a very thorough test made at the Brooklyn Navy-Yard, originally.

Mr. KEECH. In addition, I have here several letters from various private persons, giving the practical commercial tests of the coal. One of these letters, under date of March 27, from the eastern manager of the Merchants Coal Company, has no relation to this inquiry here, but in the letter he says:

Messrs. H. L. Taylor & Co., of Haverhill, dealers, will probably buy 1,000 to 1,500 tons of Orenda coal for shipment from Philadelphia, either entire cargo or bin loads in Reading barges. Mr. Taylor expressed his feelings regarding Orenda coal by stating that it was the best they had ever used, they having had one or two bin loads the year before last. This business will probably materialize later.

Here is another letter:

PAW PAW TANNERY,  
Paw Paw, W. Va., February 18, 1908.

MERCHANTS COAL COMPANY, Baltimore.

GENTLEMEN: We have used two cars of coal shipped from your Orenda mine, and I wish to say that barring the coal from the Georges Creek mine of the Consolidation Company, it is the best we have had, and it holds up equally with the Georges Creek.

Yours, truly,

W. A. WISE, Superintendent.

Here is another letter from the South Atlantic Coal Company, by its president, John Stoddard. This reads as follows:

■ SAVANNAH, GA., May 2, 1908.

THE MERCHANTS COAL COMPANY,  
Baltimore, Md.

DEAR SIR: Answering your letter of the 30th, beg to advise that the tests made by the Savannah Electric Company on coal hauled from our yard, which was taken from a mixture of the David Baird and McFadden cargoes, analyzed as follows:

	Per cent.
Fixed carbon.....	74.09
Volatile.....	17.91
Ash.....	6.31
Moisture.....	1.69
	<hr/>
	100.00
Sulphur.....	0.87
British thermal units per pound dried coal.....	14,253

We will get your Government analysis from these people within a few days and send it to you per your request.

Yours, very truly,

THE SOUTH ATLANTIC COAL COMPANY,  
JOHN STODDARD, *President and General Manager.*

Mr. BOSWELL. Those samples of cargoes were not samples drawn from the mine.

Mr. KEECH. The next letter is from the Johnston line of steamships, running between Baltimore and Liverpool. This is dated May 15, 1908, and reads as follows:

BALTIMORE, May 15, 1908.

THOMAS T. BOSWELL, Esq.,  
*President Merchants Coal Company, City.*

DEAR SIR: Referring to conversation this morning, we beg to state that we have used Orenda coal for years, and have never had any complaint to make with regard to same. Formerly we used Consolidation coal, and had more complaints with regard to that, but have never had the same satisfaction as with Orenda. We have always found it an excellent coal, giving splendid results, and we consider it fully equal to Pocahontas, the reports with regard to which we are very much inclined to believe are considerably exaggerated.

We do not know in all our years of experience of having used a better coal than Orenda coal.

Yours, very truly,

JOHNSTON LINE FOREIGN AGENCY (LTD.),  
ROBERT RAMSAY, *Managing Director.*

Here is another letter from M. A. Hanna & Co., from their Chicago office, dated May 14, 1908, which reads as follows:

CHICAGO, ILL., May 14, 1908.

THE MERCHANTS COAL COMPANY,  
*Maryland Trust Building, Baltimore, Md.*

GENTLEMEN: Referring to our recent correspondence and to the new arrangements which we are making, we desire to state that as the result thus far of the coal which we have handled from you, it is our opinion that this is far superior to any Pocahontas or New River coal which we have handled. We have placed this coal with a number of the largest dealers in Chicago, and sold Messrs. Bunge Brothers, the largest retail dealers on the west side, some 10,000 tons. These people have always insisted heretofore that they must have Pocahontas coal, but they now prefer Orenda and say that it gives better satisfaction to their customers.

Among other large dealers who have adopted this coal in preference to Pocahontas or New River are R. B. Arnold, Illinois and Eastern Coal Company, Western Fuel Company, O. H. Hedrich & Co., Northern States Coal and Mining Company, and we could give you a long list of others.

We have also found that in every place where we have put this coal for smithing it has given the greatest of satisfaction, and we have yet to receive our first complaint

on its qualities for smithing purposes, which, as you know, is the hardest test of a good smokeless coal.

Just at present, as you know, conditions are such that we are not using the maximum quantity, but we write this to assure you that we believe in this coal thoroughly and within a short time will be sending you larger orders than ever.

We have had one or two analyses made of this coal ourselves, and got even better results as to carbon, low ash, and low sulphur than the United States Government analysis which you furnished us, and we shall expect to handle double the amount of this coal during the ensuing year.

Yours. very truly,

M. A. HANNA & Co.,  
W. D. PRESTON, *Agent*.

With those of us, Mr. Chairman, who live in Baltimore and are bred and born in the belief of Georges Creek coal it was rather hard to persuade anyone that there was ever any coal quite as good as Georges Creek. The Georges Creek coal is, in effect, a standard grade coal, and New River and Pocahontas coal are also high-grade coal, and not only high grade, but of the highest grade; but we contend, and we think the evidence here and the other evidence produced will prove, that this so-called Orenda coal, of the Merchants Coal Company, is of equally high grade with these others. I may say this: That in some of those analyses the name of the coal there specified is Quemahoning coal. That was the name of a township and creek in the northern part of Pennsylvania, and when the mines were first opened it was called Quemahoning coal. On account of the word being a geographical name it was not susceptible of appropriation to the exclusion of other coals which came from the same township and along the waters of the same creek. There were other coals in the same basin of a very different and inferior character, and therefore the name was changed to Orenda. In the earlier analyses the name is given as Quemahoning, but it is the same coal as the Orenda coal. The president of the Merchants Coal Company is here, and he can, of course, state far more fully than I can the facts surrounding the matter and the value of the coal; and likewise the superintendent of the mine at Boswell is here, who can testify to the fact that the mines are amply capable of supplying the contract requirements, which, of course, must be taken into consideration, for every practical purpose, and, in addition to that, in express accordance with the terms of the specifications under which the bid was made.

Mr. WANGER. How long has the mine been operated?

Mr. KEECH. The mine has been operated for some years. You will have to go to headquarters for the exact date.

Mr. BOSWELL. This mine has been operated at Boswell since August 22, 1902.

Mr. WANGER. Where is it located?

Mr. GILL. In the northern part of Somerset County, Pa.

Mr. BOSWELL. Yes; we changed the name from Quemahoning to Orenda because we attempted to copyright the name Quemahoning to keep others from using it and shipping coal under that name, but on account of its being a geographical name we could not do that, and then we adopted the name "Orenda."

Mr. WANGER. And that name is copyrighted?

Mr. BOSWELL. Yes, sir.

Mr. WANGER. Have you anything else to offer?

Mr. KEECH. Nothing, except if you would like to have these letters copied by the stenographer we can leave those with you.

Mr. WANGER. I scarcely think so.

Mr. KEECH. The true test is in these actual tests made; and two things must be borne in mind—that it is a rare thing that coal will run by actual cargo lots as high as it runs by sample. I do not care whose coal it is, that is a fact with all coal. Here is a letter of December 7, 1903, written by Commander Dodge, in charge of the buildings and grounds at the United States Naval Academy, which reads as follows:

UNITED STATES NAVAL ACADEMY,  
*Annapolis, Md., December 7, 1903.*

SIRS: Replying to your request for examination of a barge of coal sent to the academy by you under your contract, the following analysis has been made:

	Per cent.
Moisture.....	1.40
Volatile matter.....	17.16
Fixed carbon.....	74.19
Ash.....	6.78
Sulphur.....	.43
Total.....	99.98

This coal burns very well under the boilers with very little clinker and a residue of white ash. It is superior to any coal which has been at the academy within the last three or four years.

In order that you may have a record of this coal at the Navy Department, I would suggest that you communicate with the Bureau of Equipment, as I think they will have your coal tested much more completely, both analytically and practically, under the boilers, and will list it in the publication which they issue giving the characteristics of the various coals.

Very respectfully,

O. G. DODGE,

*Professor, U. S. Navy, In Charge Buildings and Grounds.*

MERCHANTS COAL COMPANY,  
*505 Maryland Trust Building, Baltimore, Md.*

Mr. WANGER. Were the tests made as suggested?

Mr. BOSWELL. Yes; here are the analyses from them.

Mr. KEECH. One under date of January 9, 1904.

Mr. BOSWELL. This was the one that was made, and we knew nothing about the sample being drawn. The Government drew the sample and analyzed it and sent us a copy, and it was so good we asked them to send us another copy, and you will find both of them there.

Mr. KEECH. That is the one you submitted with the bids.

Mr. BOSWELL. That is the one we submitted with the bids to the Panama Railroad Company.

Mr. KEECH. Here is a letter, January 9, 1904:

UNITED STATES NAVY-YARD,  
*Washington, D. C., January 9, 1904.*

SIR: In compliance with Bureau of Equipment letter No. 85261 of the 22d ultimo, I have the honor to report for the information of the Bureau results of analysis-general of the sample of coal forwarded therewith, also its liability to spontaneous ignition as follows:

Commercial name of coal, Quemahoning.  
Sample furnished by Merchants Coal Company.  
Location of mines, Boswell, Pa.

No. or marks on sample.	Per cent of fixed carbon.	Per cent of volatile matter.	Per cent of non-combustible volatile matter.	Per cent of moisture.	Per cent of ash.	Per cent of sulphur.	Per cent of increase in weight at 250° F.	Remarks.
.....	79.96	14.26	.....	0.98	4.80	0.87	0.20	.....

Respectfully,

The COMMANDANT,  
Washington Navy-Yard.

E. C. PENDLETON,  
Captain, U. S. Navy, Supt. Naval Gun Factory.

Mr. KEECH. Here is another analysis from the Bureau of Equipment of Quemahoning coal:

DEPARTMENT OF THE NAVY,  
BUREAU OF EQUIPMENT,  
Washington, D. C., May 6, 1904.

GENTLEMEN: 1. The Bureau incloses herewith copy of the report on chemical analysis of a sample of Quemahoning coal, mined by the Merchants' Coal Company, forwarded to the Bureau for that purpose with your letter of April 13, 1904.

Very respectfully,

H. W. MANNING, Chief of Bureau.

MERCHANTS' COAL COMPANY,  
805 Maryland Trust Building, Baltimore, Md.

UNITED STATES NAVY-YARD,  
Washington, D. C., May 3, 1904.

SIR: 1. In compliance with Bureau of Equipment letter No. 90871 of the 19th ultimo, I have the honor to report for the information of the Bureau results of analysis-general of the sample of coal forwarded therewith, also its liability to spontaneous ignition, as follows:

Commercial name of coal, Quemahoning.

Sample furnished by Merchants Coal Company.

Location of mines, Boswell, Pa.

No. or marks on sample.	Per cent of fixed carbon.	Per cent of combustible volatile matter.	Per cent of non-combustible volatile matter.	Per cent of moisture.	Per cent of ash.	Per cent of sulphur.	Per cent of increase in weight at 250° F.	Remarks.
.....	79.50	15.26	.....	0.92	4.32	0.68	0.15	British thermal units, 14,253.

Respectfully,

The COMMANDANT,  
Washington Navy-Yard.

E. C. PENDLETON,  
Captain, U. S. Navy, Supt. Naval Gun Factory.

Mr. GILL. Quemahoning and Orenda are the same?

Mr. KEECH. Yes; that I explained a few minutes ago. This analysis shows a great uniformity. In addition to that we have here the data as to results of an evaporative test made by the same engineering department, which is as follows:

Mr. BOSWELL. That was from a lot of 12 tons.

Mr. KEECH. I would like to call your attention to the fact that the conditions of bidding for coal required by the city of Baltimore in the various city departments are as follows: That the moisture shall not

exceed 1 per cent, that the volatile matter shall be between 15 and 22 per cent, ash 7 per cent. With respect to moisture, credit would be given for any percentage under 1 per cent moisture. Should it run over 1 per cent, deduction would be made accordingly.

Credit would be given for any percentage between 15 and 22 per cent. Should it run over 22 per cent, deduction would be made accordingly. Should coal analysis be below 7 per cent, the same would be multiplied by 2 and credit given. Should it run over 7 per cent, the same would be multiplied by 2 and deductions made.

These specifications required "big vein" Georges Creek coal or coal equal thereto; in other words, as I said a while ago, the coal we were bred and born to think was the only bituminous coal. There has been appended to this a statement of the premiums which this coal has earned over these specifications of Georges Creek coal over a period of twelve months. For the harbor board, on 2,083 tons furnished, there was proximately 182.56 premiums and deductions of 2.19. For the board of school commissioners, on 1,663 tons, there was an aggregate premium of 147.72, with deductions of 2.92. For the board of fire commissioners, on 537 tons, there were premiums of 82.89, and deductions of 3.46. For the health department, on 230 tons, there were premiums of 4.77 and deductions of 0.04. On the water board, on an aggregate of 10,231 tons, there were premiums of 503.93, with deductions of 122.90. For the Baltimore city court-house for the same period, on 3,241 tons, there were premiums of 367.72 and deductions of 1.09. For the Bay View Asylum, on a total of 3,406, there were premiums of 166.17 and deductions of 80.39. Then following are the various analyses of the coal furnished to various boards, samples of them, all of which I will file in order that it may be in the record.

The analyses referred to are as follows:

*Analysis of coal delivered to Bay View Asylum during month ending January 31, 1904.*

	Per cent.
Moisture.....	1. 55
Volatile matter.....	17. 75
Fixed carbon.....	76. 15
Ash.....	4. 55
	<hr/>
	100. 00
Sulphur, 0.0088 per cent.	
Addition, 6.60 per cent.	

*Analysis of coal delivered to water board during month ending March 31, 1904.*

	Per cent.
Moisture.....	2. 04
Volatile matter.....	17. 08
Fixed carbon.....	73. 33
Ash.....	7. 55
	<hr/>
	100. 00
Addition, 2.78 per cent.	

*Analysis of coal delivered to board of school commissioners, central district, during month ending March 31, 1904.*

	Per cent.
Moisture.....	0. 95
Volatile matter.....	17. 26
Fixed carbon.....	74. 14
Ash.....	7. 65
	<hr/>
	100. 00
Addition, 3.49 per cent.	

*Analysis of coal delivered to fire department during month ending February 28, 1904.*

	Per cent.
Moisture.....	1. 70
Volatile matter.....	17. 46
Fixed carbon.....	74. 73
Ash.....	6. 11
	<hr/> 100. 00

Addition, 6.62 per cent.

*Analysis of coal delivered to harbor board during month ending February 28, 1904.*

	Per cent
Moisture.....	0. 93
Volatile matter.....	15. 74
Fixed carbon.....	76. 13
Ash.....	7. 20
	<hr/> 100. 00

Addition, 5.93 per cent.

*Analysis of coal delivered to Baltimore city court-house during month ending February 28, 1904.*

	Per cent.
Moisture.....	2. 13
Volatile matter.....	18. 68
Fixed carbon.....	73. 66
Ash.....	5. 53
	<hr/> 100. 00

Addition, 5.13 per cent.

*Analysis of coal delivered to board of school commissioners, central district, during month ending February 28, 1904.*

	Per cent.
Moisture.....	1. 09
Volatile matter.....	17. 40
Fixed carbon.....	74. 96
Ash.....	6. 55
	<hr/> 100. 00

Addition, 5.41 per cent.

Mr. BOSWELL. Those were not samples. Those were actual cargoes.

Mr. KEECH. No; as I stated a while ago, those were not samples. Anybody can go and draw a particularly fine lot of coal and get a fine sample, but those were the tests of the coal which went to the various institutions in Baltimore, and were sampled by their own people, the samples being drawn by their own men and the work done there, and all in an absolutely impartial way.

Mr. BOSWELL. Very few cargoes will hold up to a small sample that is drawn.

Mr. WANGER. Is there anything further?

Mr. KEECH. Only one thing further, and that is to make certain that your committee has the analyses of the New River and Pocahontas coals, so that you can see the actual comparisons.

Mr. WANGER. That is all you have to offer?

Mr. KEECH. That is all, I think.

Mr. GILL. I wanted to ask Mr. Keech the number of bids put in for the Pocahontas and New River coal; how many firms there were.

Mr. KEECH. I gave the number. There are nine, all bidding exactly the same figures, all offering to deliver the coal at exactly the same points, or, rather, all nine bidding for seven months and two bidding for the five months period from April 1 to August 31.

Mr. GILL. Then, as I understand it, there were seven bids——

Mr. KEECH. There were nine bids.

Mr. GILL. No; wait until I finish. There were seven bids in which they bid for delivery both in the summer and in the winter season?

Mr. KEECH. No; there were two.

Mr. GILL. Only two?

Mr. KEECH. Two bidding for year-around delivery.

Mr. GILL. Two?

Mr. KEECH. Two bidding for year-around delivery and seven bidding for winter deliveries—seven additional bidding for winter deliveries.

Mr. GILL. What were the bids of the seven?

Mr. KEECH. All of them identical.

Mr. GILL. How much?

Mr. KEECH. They were \$2.80.

Mr. GILL. Seven bids at \$2.80.

Mr. WANGER. They were all \$2.80 for winter delivery?

Mr. KEECH. All \$2.80 for deliveries running over seven months, and all of the nine bid \$2.69 for deliveries over the five months.

Mr. GILL. So that they did not bid for the five months?

Mr. BOSWELL. Yes; they bid for the five months and seven months.

Mr. KEECH. Two bids for the twelve months and seven more for seven months.

Mr. GILL. I think you are wrong.

Mr. KEECH. I have read what is here.

Mr. WANGER. As I understood, all these nine bidders bid \$2.80, only that two of them offered to furnish during a certain period at a lower figure. The others did not discriminate between the bids?

Mr. KEECH. No, sir; the bids of the nine were made to cover only the seven months period. Of those nine, two bid for a five months additional period.

Mr. ADAMSON. They were separate bids for the partial time?

Mr. KEECH. For the partial time.

Mr. ADAMSON. Not for the entire year.

Mr. KEECH. No; for the partial time.

Mr. ADAMSON. All nine made partial bids for the seven months, and of those, two more bid for the five other months that were not covered at all, and these two covered those five months?

Mr. GILL. That is it; all nine of them bid \$2.80 from September to March, and two of them bid \$2.65 for the summer months.

Mr. WANGER. Mr. Drake has sent a letter stating his inability to be here, but Mr. Rossbottom, secretary of the Panama Railroad Company, who is familiar with the facts, is here.

Mr. ADAMSON. Which two of those bidders got the contract? Were they the two that put in the two bids?

Mr. KEECH. I will read exactly what is here. I am reading now from the Coal Trade Journal:

The following companies bid \$2.80 per ton f. o. b. Hampton Roads for the supply of Pocahontas or New River coal from the period from December 1, 1908, to March 31, 1909.



~~Then follow the names of the different companies.~~

Mr. WANGER. We have had that.

Mr. ADAMSON. I just wanted to know which two got the contracts.

Mr. KEECH. I am giving you that.

Mr. ADAMSON. Was it the two that bid to cover the entire twelve months?

Mr. KEECH. Of those nine, the Trade Journal says:

The latter companies also bid \$2.65 for coal from April 1 to August 31, 1908.

Mr. ADAMSON. Then they are the two that got the contracts, the two that covered the entire year?

Mr. KEECH. No, sir; they did not; neither of them.

Mr. GILL. Who got them?

Mr. KEECH. As a result of the bids that were received, orders were placed with the Chesapeake and Ohio Coal and Coke Company for up to 40,000 tons, with the Berwind-White Coal Mining Company for up to 100,000 tons, and with Messrs. Caster, Curran & Bullitt for up to 260,000 tons.

Mr. ADAMSON. What did they do about the five months?

Mr. GILL. I think you will find that all of them bid the same.

Mr. BOSWELL. The bids were the same. They bid for five months at one figure and for seven months at another.

Mr. KEECH. I am basing my statement on this Coal Trade Journal.

Mr. GILL. I would like to ask Mr. Boswell a question.

#### **STATEMENT OF MR. THOMAS T. BOSWELL, PRESIDENT OF THE MERCHANTS' COAL COMPANY.**

Mr. GILL. You are familiar with the various coal properties?

Mr. BOSWELL. Yes, sir.

Mr. GILL. Semibituminous coal properties in Pennsylvania, Maryland, and Virginia.

Mr. BOSWELL. Yes.

Mr. GILL. Are you able to state to the committee the quality of the coal offered under your bid as compared with the Pocahontas and New River coals?

Mr. BOSWELL. Yes, sir; we are quoting and selling coal alongside of Pocahontas and New River, every day of the year. The East is the greatest market for the Pocahontas and New River coals, and we are competing with them every day. We have a great many of the customers that they used to have before this coal of ours was put on the market. They all like it fully as well as they do the Pocahontas and New River. I think that the Pocahontas and Orenda coals are as near alike as any two coals that are dug out of the ground in the United States.

Mr. GILL. Equal in quality?

Mr. BOSWELL. The analysis is about the same, and the heat units about the same, and consequently they must give the same results.

Mr. HUBBARD. How are they regarded in the market?

Mr. BOSWELL. The Orenda until the past two years was not regarded as being as good as the other—I mean in the Eastern market, now, as to Pocahontas and New River—because they had the old established reputation in the East, and of course we had to get our coal in gradually, because the people did not know what it was. To-day by the people who have been using Pocahontas and New

River, it is considered equally as good. It takes some time to introduce a new coal.

Mr. HUBBARD. At this time you think it stands as well in the Eastern market as those coals.

Mr. BOSWELL. With the people who have used it.

Mr. HUBBARD. How about other markets?

Mr. BOSWELL. In Baltimore of course there is no market for the Pocahontas and New River coals, because the railroad connections are not such that they can be brought there; but wherever the market is such that it can reach, the Orenda is considered equally as good by the people who have given it a test.

Mr. HUBBARD. That is by the people who have used it?

Mr. BOSWELL. Yes.

Mr. HUBBARD. Outside of those, and generally in the market, how is it considered in the market?

Mr. BOSWELL. Some people in Boston, and in the East there, it would be very hard to get to break away from the Pocahontas and New River. They have been using it for years, and they do not want to break away unless they can get coal at a much lower figure.

Mr. HUBBARD. How would it be regarded by people who have not used either of them, and coming into the market?

Mr. BOSWELL. I do not know. A person could not know what a person would think of coal they had never used.

Mr. ADAMSON. That would be on hearsay evidence?

Mr. BOSWELL. Yes, unless they sized it up according to the analyses. We have served considerable Orenda coal here in the public buildings in Washington.

Mr. HUBBARD. Proceed.

Mr. KEECH. For the benefit of the gentleman asking Mr. Boswell a question, I would state that we have produced and have filed various letters from the purchasers of this coal—from M. A. Hanna & Co., the largest coal dealers in the Middle West, and a number of others—all of which will be supplied to the stenographer. Those were offered before you came in, I think.

Mr. HUBBARD. And they will be carefully read and considered.

Mr. BOSWELL. The Johnston line of steamers we have been serving for a number of years with Orenda coal, and they will use nothing else. We have a letter here from Mr. Ramsay, who is the head of that concern, or the agent, in Baltimore, which speaks of the Orenda coal and compares it favorably with other coals. He considers it better than Georges Creek or Pocahontas, and he has used both.

Mr. GILL. He represents the Johnston line of steamers?

Mr. BOSWELL. Yes, sir. We furnish them for each steamer from 400 to 1,000 tons.

Mr. GILL. In your opinion there is no question but what this Orenda coal equals in every respect the Pocahontas and New River coals?

Mr. BOSWELL. It has been shown at hundreds of places in the East, and I think that from this thorough test that was made by the Government navy-yard in Brooklyn or New York it will be shown that it is equal to Pocahontas, and I think that the analyses that Mr. Keech just read show it, for there you will find that they compare it with Pocahontas. Most of the analyses are from cargoes, and most of the analyses from Pocahontas coal were from samples,

and of course a person can go and draw a sample that will analyze much better than a part of a cargo. In the cargo you are liable to get more or less dirt and cinders, and so forth, on the railroad, and it will not analyze as high as a sample drawn from the mine.

Mr. GILL. Now, will you tell the committee what was done by the officers who advertised for bids for coal, after the bids were submitted? Were you asked to submit samples of the coal?

Mr. BOSWELL. No, sir. We of course quoted figures on our three different coals, not expecting the Government to take Tunnelton or Elk Lick when they had advertised for Pocahontas or its equal, but we sent an analysis of each of the three.

Mr. GILL. Was there an opportunity given to you after the bids were received to demonstrate—

Mr. BOSWELL. No, sir.

Mr. GILL (continuing). That the Orenda coal was equal in quality to the Pocahontas and New River coals?

Mr. BOSWELL. There was not anything said to us until we wrote to New York to inquire what had been done in regard to the contract, and they stated that it had been given to the Pocahontas and New River people. Mr. Doyle was with us in Baltimore at the time, and I got him to go on and see Mr. Drake in New York, and he stated that the figures had been sent to the Department in Washington, and that they had awarded the contract to the parties who were just mentioned here in this advertisement.

Mr. GILL. What department did it go to?

Mr. KEECH. The general purchasing officer of the Isthmian Canal Commission.

Mr. BOSWELL. The Bureau of Equipment. Here is a copy of a letter we wrote them some time ago asking them to put our name on the list with the high-grade coals. We have asked them frequently, up to the past four or five years, to do that. We have received no reply.

#### STATEMENT OF MR. W. H. MORRIS.

Mr. KEECH. You are the superintendent of the Boswell mines of the Merchants' Coal Company?

Mr. MORRIS. I am.

Mr. KEECH. Will you state whether or not those mines are capable, beyond question, of filling the requirements of the Panama Railroad, to wit, 360,000 tons of coal, in equal or approximately equal monthly portions of 36,000 tons?

Mr. MORRIS. They can very easily supply it.

Mr. KEECH. What is their present daily output?

Mr. MORRIS. Between 1,700 and 1,800 tons.

Mr. KEECH. Working how many shifts?

Mr. MORRIS. One shift. That would be increased very rapidly.

Mr. BOSWELL. That is at the one mine?

Mr. MORRIS. At the one mine, at Boswell. That could be increased very rapidly to 2,000 or 2,200 tons. Our output yesterday was 1,860 tons.

Mr. KEECH. Suppose you had two shifts, what would be the result?

Mr. MORRIS. If we worked two shifts, we could put out three-fifths more than that.

Mr. KEECH. On the average?

Mr. MORRIS. On the average.

Mr. KEECH. Do you know anything of the quality of this coal as compared with the Pocahontas coal?

Mr. MORRIS. Yes, sir.

Mr. KEECH. In the first place, what has been your experience of the coal mined?

Mr. MORRIS. What we call in our country the sea coal, or the Orenda coal, is in every way the equal of the Pocahontas, and it is a better steam coal, because it will bear fire better; it will stand up, and the draft works better through the coal. It does not pack or settle like the New River or Pocahontas coal. While both coals may analyze alike and the characteristics and physical conditions may be alike yet one coal will bear up better and stand heat better and give more draft under a given pressure than the other coal will.

Mr. KEECH. What has been the length of your knowledge and experience in coal?

Mr. MORRIS. All my life; since I was 8 years old.

Mr. KEECH. That is all.

Mr. GILL. That is all; Mr. Morris.

**STATEMENT OF LIEUT. COL. H. F. HODGES, ENGINEER CORPS,  
U. S. ARMY, GENERAL PURCHASING AGENT OF THE ISTHMIAN  
CANAL COMMISSION.**

Colonel HODGES. Mr. Chairman, do you wish me to make a statement in this matter, or to answer any questions you may desire?

Mr. WANGER. Will you state the connection of your office with the matter?

Colonel HODGES. I will, sir. The coal for the railroad is bought in the New York office of the railroad by the executive officers of the road there, and in this case the action was taken after a vote of the directorate of the road at one of its stated meetings. The main facts as to the advertisements are matters of fact and are as stated—the advertisement and the specification. The specification called, as stated by the Merchant Coal Company, for the equal of Pocahontas or New River coal, and the question that the railroad had to decide was simply that of getting at the lowest priced coal that should be the equal of those for which it advertised. From the letter which was quoted from the secretary of the company the inference was drawn that the railroad desired only New River or Pocahontas coal. The statement by the secretary in his letter, as I understood it, was that the officers of the road on the Isthmus, the operating department, asked for Pocahontas or New River, and that was the case. The operating department, after a long experience on the Isthmus with the coal that was suitable there, asked for Pocahontas coal; but the directorate of the road, desiring to open competition to other equal coals, advertised for the equal of Pocahontas or New River coal. The bids which were submitted are shown on an abstract here. This I can, if desired, leave with the committee, and it will show that all the bidders on Pocahontas and New River coal bid the same figures, with the exception of one who bid for only the deliveries from April to August, as abstracted here. The others all bid \$2.65 from

April to August and \$2.80 for the rest of the year. There was probably an error in your statement, Mr. Keech.

Mr. KEECH. Evidently. I was reading simply from this Trade Journal.

Colonel HODGES. The committee will recognize the necessity of having, at a base of supplies so far from every place as the Isthmus it, the best possible coal. Two or three times the work down there has been in imminent danger of stopping because of an inferior grade of coal. We have now down there 20,000 tons of coal on fire. Perhaps they will get to use most of it, and perhaps they will not. At one time a little less than a year ago we were put to a very great emergency by reason of another coal fire there. We had to get special vessels and rush coal down with the utmost possible expedition. For that reason the operating department of the Isthmus holds out for a coal which is well established and which is known to be good, and does not desire to take any risks.

Now, as to the quality of the coal. That is not simply determined by the price or, as stated, by analysis of the sample; but that is the best way we have of determining, by the analysis. That is the best way we have of determining coal of which we have had no previous experience. The railroad had analyses made of some of these coals. These analyses, by the way, were made by the technological department of the Geological Survey, which is well equipped for such work. The analyses of the Pocahontas and New River showed up very well, and met the requirements, when finally that coal was agreed for, of 14,600 British thermal units. The contract gives that as a standard, and refuses to accept coal of less than 14,000, and between 14,600 and 14,000 British thermal units it reduces the price.

As well as I can determine I have here an abstract of bids that were recently submitted for purchase of coal here in Washington for one of the Departments of the Government. There is one bid by the Merchants Coal Company on Orenda coal, Boswell, Pa. It guarantees only 13,900 heat units and 9.5 per cent of ash. There is a bid on the Jerome Quemahoning mines. I understood from the gentleman who spoke a little while ago that the Quemahoning coal and this coal are the same.

Mr. KEECH. No; they are not. These other coals are being sold as Quemahoning coal, and that is the reason we changed the name. The Jerome Quemahoning coal is an entirely different coal basis, a different deposit of coal geologically.

Colonel HODGES. That coal, however, guarantees a little better ash than the Orenda. It goes down to 13,500 heat units. Now, that coal is the cheapest which will give the most heat for the least money, not that which will give most coal; and by reckoning you can find that you can get more heat out of Pocahontas and New River at 14,600 than you can get out of the other coal at the price quoted at its 13,500 thermal units, and that is the only basis that we have to go on. If this gentleman's coal is as good as the Pocahontas or the New River coal, and we did not get it at a less price, I am sorry, but the best judgment of the railroad was used in selecting the coal that it should buy, and I submit to the committee that the duty of the railroad was limited to using its best judgment.

Mr. GILL. How is that?

Colonel HODGES. I say the duty of the railroad was limited to using its best judgment in that matter. Of course, everybody can not be satisfied when a contract of this kind is let. I make no doubt that there are other bidders that will claim that their coal should have been selected, and that it was the part of wisdom to select it; but the railroad, using its best judgment, could not come to that conclusion. The directorate of the railroad is not interested in this matter, at least except in doing its duty to the Government, and that it believes it did. The railroad has not any objection and would not be opposed in the slightest degree to giving any evidence in this matter that the House or the committee might ask, or giving it to individual members, if desired. The transaction was perfectly open in the matter, and I myself feel that it does not deserve criticism.

Mr. WANGER. You exhibited the other day a letter which was sent by the private secretary of the Secretary of War to Senator Rayner.

Colonel HODGES. Yes, sir.

Mr. WANGER. Have you a copy of that?

Colonel HODGES. I have, sir.

Mr. WANGER. Will you kindly read it?

Colonel HODGES. Do you mean the letter written by the Merchants' Coal Company to Senator Rayner, or the one written in reply?

Mr. WANGER. The one written in reply.

Colonel HODGES. This reads as follows:

PANAMA RAILROAD COMPANY,  
24 State street, New York, May 8, 1908.

F. W. CARPENTER, Esq.,

*Private Secretary to the Secretary of War, Washington, D. C.*

DEAR SIR: Lieutenant-Colonel Hodges handed me, with the request that I make reply for him direct to you, a communication from Mr. J. F. Doyle, on behalf of the Merchants' Coal Company, to Senator Rayner, dated Baltimore, April 23, 1908, wherein it is intimated that discrimination has been practiced by this company against the coal company in the award of the contract for our coal requirements during the twelve months ensuing from April 1 last, in that it was not made to the lowest bidder. There follow certain other statements in reference to this company's circular, copy of which I inclose herewith, and to an interview by the writer with the undersigned in reference thereto.

Mr. Doyle's letter quotes clearly the invitation to bid, but makes no reference to the attached specifications, nor does he correctly state the terms of all of the bidders, for it is a fact that all concerns which bid on strictly Pocahontas or New River coal bid \$2.65 per ton from April 1 until August 31, 1908, and \$2.80 from September 1, 1908, to March 31, 1909, delivered at their various loading points, instead of two bidding \$2.65 from April 1 to August 31, as stated.

Regarding the quality of coal desired, our specifications read:

"Coal to be of the best quality, equal in grade to the product of 'Pocahontas' or 'New River' regions, as shown by certified analyses and tests; to be run of mine, with a fair proportion of lump, dry, and free from slate, sulphur, dirt, and other impurities, and subject to the usual inspection and tests."

This provision was inserted in order to avoid the difficulty of shutdowns, strikes, etc., in a single area, notwithstanding a specific requisition from the Isthmus that none other than Pocahontas coal be furnished, but if that were impossible, that only the best New River coal be additionally supplied. The purpose of its insertion was to develop bids from contractors who could establish, by certified analyses, that the product of mines owned or controlled by them was equal to the two grades specified, above referred to.

Our understanding of certified analyses was a report by the technologic branch of the United States Geological Survey, Department of the Interior, upon the essential and comparative qualities of the product. In line with this, all of the bids received were submitted to that office by us and the following information was, in substance, received.

## POCAHONTAS COAL.

Of the Pocahontas brand specified and with which we have been supplied for many years past through Messrs. Castner, Curran & Bullitt, one of the bidders, the report reads:

"Pocahontas coal comes from the Pocahontas No. 3 bed of West Virginia, and is shipped to tide water over the Norfolk and Western Railway.

"The large amount of coal which comes into the market under this name is much below the standard usually set for Pocahontas coal. Should this (Pocahontas) coal be selected, the limit of ash shown below should be made one of the requirements of the contract."

And further reads:

"Messrs. Castner, Curran & Bullitt are the sales agents for practically all of the genuine Pocahontas coal mined."

The Department's analysis of the average of four samples of this coal taken from the mines and which established our standard of comparison is as follows:

Moisture.....	3.32
Volatile matter.....	16.66
Fixed carbon.....	76.50
Ash.....	3.52
Sulphur.....	.56
B. T. U.....	14,808

## NEW RIVER COAL.

The report on this coal reads as follows:

"This coal is obtained from the Sewell, Beckley, and the Fire Creek coal beds of the New River district of West Virginia and ships to tide water over the Chesapeake and Ohio Railroad. These three beds furnish all of the genuine New River coal, most of the tonnage coming from the Fire Creek and Sewell beds."

The Department's analysis of the average of ten samples of this coal taken from the mines and which established our standard of comparison is as follows:

Moisture.....	3.22
Volatile matter.....	18.89
Fixed carbon.....	73.88
Ash.....	4.00
Sulphur.....	.79

The Berwind-White Coal Mining Company has for several years past supplied us with the bulk of our New River requirements.

I have quoted thus elaborately concerning these coals to show what was intended by our specification above quoted, and it is in order for me to further add that the report concerning the Merchants Coal Company's several coals reads as follows:

"Merchants Coal Company:

"Tunnelton, W. Va., coal;

"Elk Lick No. 3 mine, George's Creek;

"Orenda coal.

"It is not known where the coal offered by this firm originates. The George's Creek is probably the best of the three. \* \* \* Specifications for this coal should, therefore, read, 'Only coal from mines in the George's Creek district working the Pittsburg or "Big Vein" and having less than the limit of ash shown below (7.09 per cent) will be accepted.'"

Having thus broadly stated our reasons for fixing a certain standard for our coal requirements, and quoting freely from the official reports upon the product of the various bidders which supplied us no definite information concerning the Merchants Coal Company's Orenda brand, and referring to the United States Government analysis of that product submitted to the commandant of the Washington Navy-Yard by Superintendent E. H. C. Leutze, dated April 20, 1906, as follows:

Fixed carbon.....	75.90
Combustible volatile.....	15.28
Percentage moisture.....	.54
Ash.....	8.28
Sulphur.....	.88

Our reasons for not accepting this brand, even at the lower price quoted, will be apparent in that it neither complies with our specifications in equaling the standard of Pocahontas or New River coal, nor does it meet the requirements of the standard

established by the Department of the Interior's technologic branch, under the auspices of which all of our inspections and tests are made, both before and after the delivery of coal to us by contractors.

If the within information is insufficient or unsatisfactory in any particular, I shall be glad to supplement it as far as I consistently can. I return Mr. Doyle's letter, having taken copy for our files.

Truly, yours,

E. H. DRAKE,  
Vice-President..

Mr. WANGER. Are there any questions you desire to ask?

Mr. KEECH. Have you a copy of the analysis that was submitted with the bid?

Colonel HODGES. I think I have, somewhere.

Mr. KEECH. Not that analysis submitted by Mr. Murphy, but the one submitted by the bidder.

Colonel HODGES. Here it is.

Mr. KEECH. Is that the one you just referred to?

Colonel HODGES. No; the one I just referred to was the one made by the superintendent.

Mr. WANGER. The Pendleton analysis was in 1904, was it not?

Mr. KEECH. Yes.

Mr. WANGER. And this analysis was in 1906?

Mr. KEECH. Yes, sir.

Mr. BOSWELL. That is an analysis which we know nothing about, and I do not know whether it was correct or not. We do not know where it was gotten.

Colonel HODGES. I have also a partial analysis that was made only a few days ago by the technologic branch of the Geological Survey with reference to this coal supply for the Department of the Interior.

Mr. WANGER. Is that in addition to what you first read?

Colonel HODGES. It is in addition to what I first read; yes, sir.

Mr. WANGER. We will be very glad to hear that.

Colonel HODGES. This is on Orenda coal. It gives ash 9.40; British thermal units, 13,917.

Mr. KEECH. Where did that come from?

Colonel HODGES. That is dated March 24, 1908, from the technologic branch of the Geological Survey.

Mr. KEECH. Do you know where they got the samples?

Colonel HODGES. Right here in Washington. It was on a delivery to the Department of the Interior.

Mr. GILL. Who is the officer making that? There is no signature to that. The officer ought to be here to identify it.

Colonel HODGES. It is a fairly good guide as to the quality of the coal, to my mind.

Mr. GILL. Who made this?

Colonel HODGES. As I told you, the Geological Survey.

Mr. GILL. Where is their certificate?

Colonel HODGES. Do you require that? I was not asked to bring certified copies.

Mr. HUBBARD. Are you inquiring what individual made that analysis?

Mr. GILL. I would like to have the certificate or a statement. I would like to have an opportunity to question the man who made it.

Mr. HUBBARD. To question the individual who made the analysis?

Mr. GILL. Of course. There is no certificate here as to who made



it. Those are signed certificates that he presents here. Here are the analyses made by the Navy Department.

Mr. HUBBARD. I could not hear what was passing between you and Colonel Hodges at the other end of the table.

Mr. GILL. The Colonel presents a blank sheet of paper with some figures on it. What I asked was, "Where is the certificate?"

Mr. WANGER. As I understand it, this is a duplicate of an official record.

Colonel HODGES. Yes, in the Geological Survey. They gave it to me the other day.

Mr. KEECH. Are you not mistaken in that, and are not those the figures submitted by Mr. Wright as his guaranty?

Colonel HODGES. No, sir. The figures are ash, 9.05, and British thermal units, 13,900.

Mr. KEECH. By bettering those figures they earn a premium. In other words, Mr. Wright in submitting bids will put in necessarily the lowest figures that he has to submit in order to get the contract. Now, if he betters those, he earns a premium on the coal supply.

Mr. WANGER. Is it your contention that—

Mr. KEECH. I do not know. We know nothing about the figures; but Mr. Wright suggests that. They are a complete surprise to us. We have no idea where they come from, but Mr. Wright suggests that they are approximately the figures he has told me he put in.

Mr. GILL. This ought to be under the certificate of whoever made it, in order to be binding.

Mr. WANGER. Colonel Hodges should have no difficulty in securing from the Geological Survey a certificate. Will you get that?

Colonel HODGES. Yes, sir.

Mr. WANGER. And put it in on Monday?

Mr. GILL. And also a certificate of what it is?

Mr. KEECH. Also may I ask you, was any request made for samples of coal for analysis in connection with the letting of the bids?

Colonel HODGES. That I do not know; I was not present.

Mr. KEECH. There was none that you know of?

Colonel HODGES. There was none that I know of.

Mr. KEECH. Do you know what British thermal units were mentioned in the analysis submitted by the Merchants' Coal Company as the condition of their bid?

Colonel HODGES. I have that statement here.

Mr. ADAMSON. Do the records of the Geological Survey show where they secured the samples which they analyzed?

Colonel HODGES. I presume they do. They stated it was a sample from delivery.

Mr. ADAMSON. Would you mind having the certificate show that, when you get it?

Colonel HODGES. All right; yes, sir.

Mr. ADAMSON. If they secured samples and analyzed them, which did not represent the commodity which these gentlemen were proposing to furnish, it would hardly be applicable.

Mr. WRIGHT. It would hardly be fair.

Mr. WANGER. We have a lot of material on both sides of the question that really is not pertinent. The question is not what testimonials may be obtained outside, either for or against this article, but rather what was the case that was presented to the board

of directors of the Panama Railroad Company, and on which they awarded this contract, I take it.

Mr. ADAMSON. That is it.

Mr. WANGER. But there has not been any objection, and it is all very well, I suppose, that the matter should be presented.

Mr. GILL. The question before the committee is a resolution asking for a full statement of all the facts from the Secretary of War. That is the real matter before the committee. Now, I wanted to submit to you that there was sufficient evidence to justify the asking of that information, so that the House, or the legislature, may take such action in the future as may develop from the information it received, and will be required by that information. So far it has clearly been shown that we ought to have that information for the House, from the fact that there are nine bidders here for one kind of coal who all of them had the same mind. That information ought to be presented to the House of Representatives, and therefore the resolution should be passed to permit the House to obtain that information, and let the House determine whether it is necessary to inquire further as to whether or not there has been a combination in violation of law in making this bid. That is clearly demonstrated. There is no question about those bids.

Mr. WANGER. But you must remember this, that while it is not incumbent upon the War Department to present anything here except showing why the resolution should not be reported, it has presented the correspondence, and it is a question whether it has not presented the case just as fully as the Secretary of War could possibly present it if the resolution was adopted.

Mr. ADAMSON. As I understand it, Mr. Chairman, it is not the purpose of this resolution to attack or criticise the War Department. They may be perfectly innocent or perfectly justifiable in this action, and yet there may be a combination which imposed upon the War Department, and that, as I understand, is the object of the resolution, to uncover that combination if the circumstances will disclose it.

Mr. GILL. Unquestionably; as was recommended should be done by the President in his last message.

Mr. WANGER. I understand that Colonel Hodges has produced here all the information which bears upon it.

Colonel HODGES. I have all the information such as would be presented if the resolution were enacted.

Mr. HUBBARD. You mean on the table before you and open to the gentlemen?

Colonel HODGES. On the table before me; yes, sir.

Mr. HUBBARD. Then let me ask Mr. Gill whether the Secretary of War could by any possibility furnish any other facts than are here disclosed?

Mr. GILL. That I do not know. I do not think anybody knows what they may be able to furnish. When we have these facts, if they show a violation of law or shall show reason to believe that there has been a combination between these contractors, and it may be the people that run the railroad for all I know——

Mr. ADAMSON. I understand the purpose of this hearing is simply to hear this testimony, and we are not disposing of this resolution at this time.

Mr. GILL. Oh, no. I want to give you the basis on which the resolution was introduced, showing that it is a resolution that ought to pass, and that the information ought to be furnished by the War Department, and be in possession of the House.

Mr. ADAMSON. The War Department may have been diligent and done the very best it could, and may not in any manner have fostered this combination.

Mr. GILL. Certainly; certainly.

Mr. ADAMSON. Yet if the circumstances are such that the Geological Survey may have made an analysis without having properly identified and certified samples, it would not do justice to the other bidders.

Mr. GILL. I am not undertaking to absolutely prove this here, but simply to show foundation.

Mr. ADAMSON. There may be something in the identity of the bids of seven or nine men that would make a dangerous combination to impose on the War Department.

Mr. HUBBARD. What is there included in this resolution that is not completely and fully responded to by the evidence that is adduced. Now, that question does not indicate any opinion on my own part, because I have been unable to be present throughout this hearing, and I will have to depend for the evidence on reading this hearing, but I would like to know, Mr. Gill—

Mr. GILL. I can suggest to you right away what is not shown yet in any way at all; that is, what action was taken by the railroad: First, as to the directors, which I have no doubt he gave us, what they did authorizing this bid to be made, and then, after the bid had been received, what action was taken by these gentlemen, who are Government officials, when there were submitted to them nine bids on one proposition which were all identically the same, which indicates beyond the question of a doubt that there must have been one mind somewhere that affected those bids; what action was taken to ascertain whether this was a combination bid and to prevent a violation of the law.

Mr. HUBBARD. Those are matters which are mentioned on page 2 of the resolution.

Mr. GILL. Yes, sir.

Mr. HUBBARD. Then, as I understand you, it does not now appear whether any other bids were accepted by the railroad company, or if they were accepted, which bid or bids?

Mr. GILL. So far as the House has information, it does not.

Mr. HUBBARD. That is not contained in the evidence that the subcommittee has received?

Mr. GILL. I have no doubt that we have the evidence here now as to what bids were made and what bids were accepted.

Mr. HUBBARD. That is not yet put in?

Mr. GILL. It is covered in part. We covered a part of it.

Mr. HUBBARD. I will ask Colonel Hodges to cover that in full, if it has only been covered in part.

Mr. WANGER. You have furnished a schedule of the advertisement with the names of the bidders, as I understand it.

Colonel HODGES. I have it here and will furnish it.

Mr. WANGER. I understood you handed it to the stenographer.

Colonel HODGES. That is, the schedule?

Mr. KEECH. Does not this letter of Mr. Rossbottom, which I have read, correctly indicate it?

Mr. ADAMSON. I do not want to shock your modesty by assuming that you know as much about everything as Secretary Taft and the other officials of the War Department know, but I want to ask whether you are in possession of all this information?

Colonel HODGES. I am in possession of all the data in response to the resolution. There may be other things on the part of the railroad with which I am not acquainted.

Mr. HUBBARD. You are in possession of all the information which is in possession of the Department?

Colonel HODGES. I have the data here which would be used to reply to that resolution.

Mr. HUBBARD. And all of them?

Colonel HODGES. And all of them, so far as I know.

Mr. HUBBARD. You are now filing a statement which shows which bids were accepted? That is called for by this resolution. Next, was the bid which was accepted the lowest bid submitted? I assume you have stated the facts as to that.

Col. HODGES. Yes, I have everything that would be needed to reply to that. I will leave all the papers with the committee, if it so desires.

Mr. HUBBARD. Just as these gentlemen desire, I suppose. You could submit that to the chairman.

Mr. ADAMSON. Everything that is necessary to furnish the information desired for this resolution ought to be left with the stenographer.

Mr. HUBBARD. The question is whether Colonel Hodges should read it.

Colonel HODGES. No, whether I should leave it.

Mr. HUBBARD. Pardon me, I did not understand.

Colonel HODGES. Of course I did not come here prepared to make formal reply to the resolution; that would have to be made by the Secretary of War. But I have all the information.

Mr. ADAMSON. But if you should say to the committee that you have disclosed all the data that would be in the possession of the Secretary of War on the subject, the point is that it would obviate the necessity of passing the resolution. If the gentlemen got all the information from the Department, the necessity for the resolution would be removed.

Mr. HUBBARD. That is what I am trying to find out.

Mr. GILL. That is what we all want to know.

Mr. HUBBARD. Are you, then, satisfied?

Mr. GILL. There is a part of that resolution which I call your special attention to. The question that is asked, if the lowest bid was not accepted, why was that bid not accepted, has not been answered.

Mr. HUBBARD. I am coming to that in its order.

Mr. GILL. And the full information that may be in the possession of officers of the railroad, in New York or in Panama or any other place, should be obtained by the War Department and transmitted to the House.

Mr. HUBBARD. I am coming to that.

Mr. GILL. That is the principal thing; why did they not accept the lowest bid?

Mr. HUBBARD. That is just the feature I was coming to. I understand in the first place you are satisfied that the matters called for in the first page of the resolution are furnished. Now we do not know whether the information as to the bids shows whether the bid accepted was the lowest bid.

Mr. GILL. Yes.

Mr. HUBBARD. Do you want anything else from Colonel Hodges as to that matter?

Mr. GILL. I do not know, from what he has stated, who was the lowest bidder.

Mr. HUBBARD. I will ask whether the bid accepted was the lowest bid submitted?

Colonel HODGES. The railroad thinks it was.

Mr. HUBBARD. Do you submit the figures?

Colonel HODGES. I have not any argument on that.

Mr. GILL. Tell us what you mean by "the railroad thinks it was?"

Colonel HODGES. The railroad as represented by me, at present, because I am the representative of it here. The board of directors in its meeting was governed by a desire to get the cheapest coal; that is, coal that would be really the cheapest, and would give the most heat for the money.

Mr. GILL. But do you not think that the question as to what the board of directors did or thought is best answered by the resolution adopted by the board of directors? I hardly think you can speak for their minds.

Colonel HODGES. I am only answering your question.

Mr. GILL. But you do not answer it?

Colonel HODGES. I am doing the best I can.

Mr. HUBBARD. Who represented the railroad company in passing on these bids?

Colonel HODGES. Mr. Drake was the vice-president of the railroad company who passed on the bids.

Mr. WANGER. I might say here that Mr. Drake was expected to be here to-day, but he has sent a letter stating the impossibility of attending, and that Mr. Rosbottom, the secretary of the company, will act as his substitute before the committee. He says Mr. Rosbottom is thoroughly familiar with the action of the board of directors and the reason for the action had. You are Mr. Rosbottom?

Mr. ROSSBOTTOM. I am Mr. Rosbottom.

Mr. HUBBARD. Coming to the last question asked here, if the bid accepted was not the lowest bid submitted, why preference was not given to the lowest bidder, have you submitted all the evidence that bears on that question?

Colonel HODGES. I have for that only the copy of the preamble of resolutions adopted by the board of directors at this meeting of April 6 last, and the letter of Mr. Drake to Mr. Carpenter.

Mr. GILL. Will you kindly read that, so that we may know what it is? Of course there was some intimation that the officers of the railway wanted a certain kind of coal, and that the board of directors thought that it ought to be open to competition. Now, what did the board of directors do, and then who are the board of directors?

Mr. WANGER. Let this witness go ahead and finish, and let Mr. Rossbottom answer as to that, he being thoroughly familiar with the names.

Colonel HODGES. This extract from the minutes of the directors' meeting of April 6, 1908, afternoon session, reads as follows:

EXHIBIT No. 5.

[Extract from minutes of directors' meeting of April 6, 1908, afternoon session.]

ISTHMUS COAL SUPPLY.

Bids received in response to the company's advertised invitation for proposals for the furnishing of the Pocahontas and New River coals required on the Isthmus for one year from April 1 were submitted, all based on the rate of \$2.65 per gross ton from April 1 to August 31, f. o. b. loading port, as against \$2.75 per ton last year; and \$2.80 per ton from September 1 to March 31, as against \$2.75 per ton during September last year and \$2.90 per ton thereafter.

The board was advised that the general manager of the company had expressed a preference for Pocahontas coal, furnished by Messrs. Castner, Curran & Bullitt, which was brought to Norfolk by the Norfolk and Western Railroad, but that, in view of the trouble experienced in years past from blockades, wrecks, and other accidents, and the necessity for maintaining a constant supply on the Isthmus, the officers feared to make a contract for such a large supply of coal to be transported over one railroad, and, upon their recommendation, the following resolution was adopted:

*Resolved*, That the officers be, and they are hereby, authorized to contract for the supply of standard Pocahontas and New River coals required by the company on the Isthmus, delivered f. o. b. loading ports at Norfolk and Newport News, respectively, at not exceeding \$2.65 per ton to September 1, and \$2.80 per ton thereafter, to be distributed as follows: Up to but not exceeding 40,000 tons of New River coal, from the Chesapeake and Ohio Coal and Coke Company, f. o. b. Newport News; up to but not exceeding 100,000 tons of New River coal from the Berwind-White Coal Mining Company, f. o. b. Newport News, and the balance of coal to be purchased from Messrs. Castner, Curran & Bullitt, their standard Pocahontas coal, f. o. b. Norfolk; all coal to be subject to inspection at loading point by this company.

Mr. GILL. What was the date of that?

Colonel HODGES. April 6, 1908.

Mr. GILL. That is ratifying the acceptance of these bids?

Colonel HODGES. As I understand it, yes.

Mr. GILL. What I asked for was the resolution which authorized the advertisement for the bids.

Mr. WANGER. Do you think that is material, inasmuch as you have the advertisement itself?

Mr. GILL. Certainly it is material, to know what the board of directors advertised; whether they advertised for a competitive bid or whether this advertisement was put in for the purpose of some pretense of having competition when it never was intended that there should be any competition.

Mr. KEECH. According to this resolution you would certainly imagine that they never intended to have any competition.

Mr. WANGER. Have you that resolution?

Colonel HODGES. I do not understand just what Colonel Gill refers to.

Mr. GILL. I asked for the resolution of the board of directors of the Panama Railroad Company which authorized the advertisement for coal that was made by the officials in New York.

Colonel HODGES. I did not understand that was in the resolution. I did not understand that was asked for in that resolution.

Mr. GILL. It covers everything in connection with this matter.

Mr. ADAMSON. At the time did the board of directors pass a resolution fixing the terms of that advertisement?

Colonel HODGES. There again I must leave you to Mr. Rossbottom. He knows all those things, and I do not. I was not present at the meetings, and was not familiar with what they did.

Mr. ADAMSON. Suppose you let us hear from Mr. Rossbottom.

Mr. KEECH. Will the committee permit me to ask a few questions?

Mr. WANGER. Yes.

Mr. KEECH. Were not the analyses of the Orenda coal to which you have referred as being unfavorable by comparison with those of the New River and Pocahontas coal, analyses obtained since the bids were submitted and since the Merchants Coal Company has been protesting that its bid was not accepted?

Colonel HODGES. This was [indicating paper]. I do not know about the other.

Mr. KEECH. By "this," you mean the one that does not bear a certificate?

Colonel HODGES. Yes; the one that does not bear a certificate.

Mr. HUBBARD. And how about the others?

Mr. KEECH. He did not say the others, but as a matter of fact they all are.

Colonel HODGES. I do not know about that.

Mr. KEECH. On the statement of these analyses which you showed a moment ago, and looking at the analysis there given of the Orenda coal, would you or not say that Orenda coal was as good as the other high grade coals there mentioned?

Colonel HODGES. Of course, there is no statement there of the British thermal units.

Mr. KEECH. No; but comparing the other particulars?

Colonel HODGES. It is a little higher in sulphur, is it not? It is 87. That is higher than what I supposed to be the analysis of the other.

Mr. KEECH. Eighty is the Berwind-White.

Colonel HODGES. Yes.

Mr. KEECH. How about the quantity of fixed carbon; how does that compare?

Colonel HODGES. I think that is fully as high, is it not? I do not remember all these analyses.

Mr. KEECH. How about the ash?

Colonel HODGES. The ash compared very favorably with the New River coal.

Mr. KEECH. As a matter of fact, it is lower, is it not; 4.80, I think.

Colonel HODGES. Here is the New River: 2.64, 1.75, 5.28, 4.16, and 4.11.

Mr. KEECH. Then it runs that way on the average. Will you verify this, that the analysis of January 9, 1904, was the one which was submitted, because that is one of those which we have filed. I will read the figures, if you will permit me. It reads:

The fixed carbon is 79.96; per cent of volatile matter, 14.25; per cent of moisture, 0.98; per cent of ash, 4.80; per cent of sulphur, 0.87; per cent of increase in weight at 250° F., 0.20.

Colonel HODGES. Yes, that is it.

Mr. GILL. Before you sit down I want to ask you a question. You made a statement that you considered the lowest bid was accepted. Will you kindly state what the figures are, the bids, so that the committee can see how you explain the fact that you stated that the lowest bid was accepted?

Colonel HODGES. Yes; as well as I can, I will. Taking the cost of Orenda coal at \$2.53, transportation to Colon costs by our contract \$1.49, and that would make the contract price delivered there \$4.02. The Pocahontas coal for the first five months was \$2.65, and \$1.49 would make the delivery over there \$4.14.

Mr. GILL. What do you make the other delivery?

Colonel HODGES. \$4.02. Now, according to our figures that we were reckoning on, or that I reckoned on in basing my opinion, I took 14,600 British thermal units for the Pocahontas coal and 13,900, which was the guaranty on this bid of the Orenda heat unit——

Mr. BOSWELL. We did not say that that was as high as we could guarantee, but the lower the guaranty the more premium we would be able to collect.

Colonel HODGES. I was just explaining the basis of my opinion.

Mr. GILL. State the basis of your opinion, under the specifications, that it should be Pocahontas coal or a coal equally as good. I want to call your attention to that fact, because that is a primary condition.

Mr. HUBBARD. Let him finish, and if he fails to cover it in his answer call his attention to it.

Mr. WANGER. Proceed.

Colonel HODGES. At that rate, according to my figures, the mere heat units would cost with the Orenda coal 0.1288, and with the Pocahontas coal for the first five months 0.1266. With the Pocahontas coal for the last six months the same amount would cost 0.1312. It would be a question then, how much coal should be ordered in the different months to make the one coal cheaper than the other.

Mr. KEECH. But, Colonel, allow me; the figures on which you are basing that statement were not before you at the time these bids were passed upon.

Colonel HODGES. No; I was just explaining to Mr. Gill upon what I based my opinion that that was the lowest bid.

Mr. KEECH. Based on this sample; that is, this unidentified sample?

Colonel HODGES. Precisely.

Mr. GILL. Now, Colonel, when you get through those imaginary figures let us get down to facts. This advertisement for bids provided in the specifications that the coal should be Pocahontas or New River, or an equal coal, did it not?

Colonel HODGES. Yes, sir.

Mr. GILL. Now, if the bids were for equal coal with the New River coal and the Pocahontas coal, was the lowest bid accepted?

Colonel HODGES. I beg your pardon; were you asking me a question?

Mr. GILL. Yes; if the bids were for coal equal to the Pocahontas and the New River coals, was the lowest bid accepted?

Colonel HODGES. In my opinion it was. It is a question what is equal to Pocahontas and New River.

Mr. WANGER. Suppose we get the facts and leave hypothetical questions for argument later on.

Mr. GILL. This is not a hypothetical question; it is one of fact, under the specifications.

Mr. WANGER. Under the figures, on the different bases they have been given on?

Mr. GILL. Yes; they are before the committee.



Mr. ADAMSON. I suppose we can save time if we let Colonel Hodges suspend now and get Mr. Rossbottom to the stand, and then we can put the Colonel back if there is anything subsequently needed in addition to his statement.

Mr. WANGER. What was the bid of the Maryland Coal Company?

Colonel HODGES. Two dollars and sixty-five cents from April to August and \$2.80 from September to March. Did you ask me for the Berwind Coal Company?

Mr. WANGER. The Maryland Coal Company.

Colonel HODGES. The company these gentlemen represent?

Mr. WANGER. Yes.

Mr. BOSWELL. We represent the Merchants Coal Company.

Colonel HODGES. For Orenda coal, \$2.53 at Baltimore, \$2.60 at Philadelphia.

Mr. WANGER. That is all. I just wanted to get it in the record. The difference is 15 cents for the summer months and 27 cents for the winter months.

#### **STATEMENT OF MR. G. H. ROSSBOTTOM, SECRETARY OF THE PANAMA RAILROAD COMPANY.**

Mr. WANGER. You are secretary of the Panama Railroad Company?

Mr. ROSSBOTTOM. Yes.

Mr. WANGER. And secretary of the board of directors?

Mr. ROSSBOTTOM. Yes.

Mr. WANGER. Were you present at the meeting at which an advertisement was authorized by the board of directors for the proposals for coal?

Mr. ROSSBOTTOM. No, sir. There was no meeting of the board of directors authorizing the advertisement and proposals. That was done under an Executive order of the President directing that in a purchase of over \$10,000 advertisements must be made. That is the rule of the Commissioners, and the proposals were advertised for at least a month before the meeting of the board of directors at which the bids were submitted.

Mr. WANGER. Have you a copy of that order with you?

Mr. ROSSBOTTOM. Of the advertisement, I have. Colonel Hodges also presented a copy of that.

Mr. WANGER. If that has been presented, never mind that. Have you a copy of the Executive order?

Mr. ROSSBOTTOM. No; but I can get that. That was issued at least two years ago, and the operations of the company have always been conducted since then on that basis. Now, would you care to have me make a statement as to the policy of the company, what its attitude has always been, in connection with the purchase of coal?

Mr. WANGER. I think not. We want to keep this within some reasonable limits of time and volume. What bids did you receive?

Mr. ROSSBOTTOM. We received about fifteen bids. They have already been presented to the committee by Colonel Hodges.

Mr. WANGER. That is a correct list?

Mr. ROSSBOTTOM. That is a correct list.

Mr. WANGER. Giving the names of the bidders?

Mr. ROSSBOTTOM. Giving the names of the bidders.

Mr. WANGER. And the prices of the bids?

Mr. ROSSBOTTOM. The names of the bidders and the name of the coal and the prices that the parties bid.

Mr. KEECH. As a matter of fact, that paper has not been filed by Colonel Hodges. It was here, but I think that has not been filed with the stenographer by him.

Mr. WANGER. Does that Executive order refer to these bids alone?

Mr. ROSSBOTTOM. No, sir; all purchases of the railroad company in excess of \$10,000 must be advertised for, under that order of the President.

Mr. WANGER. They did not specify any particular terms in this advertisement?

Mr. ROSSBOTTOM. No, sir. That executive order was adopted by a resolution of the board of directors. At the time that was issued the board of directors did not own a majority of the stock of the company, and the object of it is that in any purchase from \$1 to \$10,000 advertisement must be resorted to if practicable, but in any purchase of over \$10,000 advertisement must be resorted to, and those are the instructions of the purchasing department ever since.

Mr. WANGER. When were the bids opened?

Mr. ROSSBOTTOM. The bids were invited on February 13th, and they were opened Thursday, February 27, in public. There were about 30 representatives of different coal companies present. Of course we did not know at that time the companies they represented. Anyone who desired got entrance into the room. The bids were then tabulated by the purchasing department, and that tabulation is now before the committee, presented by Colonel Hodges. At that time Mr Drake and the general counsel, Mr. Rogers, noticed that the bidders of the Pocahontas and New River fields bid practically the same figures. There were about nine bidders in the New River and Pocahontas field. Those bidders were notified that it was the intention of the company to readvertise for bids, because the fact that they all bid alike would indicate that it was the intention to increase the price to the company, and we had some interviews with the Berwind-White people and Castner, Curran & Bullitt, and also with the Chesapeake and Ohio Coal Company, who were among those nine bidders, as to whether there was any combination to increase their rates or to all put up the same rates. Last year their bids were \$2.75 and \$2.90 and this year \$2.65 and \$2.80. Upon looking into the question we found out that at a meeting in the latter part of March at the Waldorf-Astoria Hotel in New York, at which these coal companies were represented, a sort of a gentleman's agreement was arrived at that they should all quote the same prices this year as they did last year, namely \$2.75 and \$2.90, and word was given out to the coal trade that those prices would be quoted. However, when it came to the quoting of prices, Messrs Castner, Curran & Bullitt, who are the representatives of the real Pocahontas coal field, bid 10 cents per ton lower than the expectation was that they would bid, and, of course, as they controlled the situation, being the largest miners of the Pocahontas coal, the rest of the coal companies had to follow suit. To give some evidence of that, Messrs Castner, Curran & Bullitt furnished us a copy of a letter they had written to the Norfolk and Western Railroad and also a copy of another letter. I have a copy of the letter to the Norfolk and Western Railroad here, in which they deny that

there was any combination. If it is of interest to the committee I would like to read it.

Mr. WANGER. Does anybody desire to hear it?

Mr. ADAMSON. He can file it.

Mr. ROSSBOTTOM. It is about a page and a half long. It gives their views on it. It has nothing to do with the Panama Railroad Company. That satisfied us that there was no combination at the time.

Mr. HUBBARD. That seems to be an important feature suggested by Mr. Gill, and I would like to hear the letter read.

Mr. ROSSBOTTOM. It reads as follows:

COAL FOR PANAMA CANAL.

PHILADELPHIA, May 12, 1908.

L. E. JOHNSON, Esq.,

*President Norfolk and Western Railway Company, Roanoke, Va.*

DEAR SIR: We are in receipt of your favor of May 11, making inquiry as to complaints of the Merchants Coal Company of the award by the Panama Commission for its coal supply during the coming year.

There is nothing to conceal in connection with this transaction, and we shall be glad to facilitate any examination which may be made into the facts. The Panama Railroad Company, while privately owned, used Pocahontas coal for many years, and gave it the preference because experience showed the results to be better than could be had with other coals. This policy has been pursued since the Government bought the Panama Railroad, except that owing to our inability to take care of the entire coal supply a certain portion of their fuel order has gone to Berwind-White Coal Mining Company, which, as we believe, supplied New River coal. The invitation to bid this year, as heretofore, was so worded as to confine their offers to the best grades of semi-bituminous coals, and it is our recollection that the specifications called for Pocahontas, New River, or Cumberland coal. Under these the Merchants Coal Company was excluded, as it does not ship any of these varieties. The allegation of the Merchants Coal Company that there has been a combination to maintain a uniform price, and that the offers to the Panama Railroad prove this, is also a subject which we shall be glad to have investigated and as to which there is neither warrant in fact nor desire on our part to conceal anything.

You will appreciate that in the distribution of so large a tonnage as we handle it is necessary to announce prices and that these must be uniform to like customers, nor could we conceal our prices if we wished to. It is further clear that prices of any responsible concern must fix the limit of price by competing responsible concerns. As you are aware, there has been no reduction in the freight rate on tide-water coal nor in the wage scale at the mines. In view of the industrial depression, we put out our prices in the latter part of March at a reduction of about 10 cents per ton as compared with last year. This practically means a reduction of 10 cents per ton in the net profits of the operators at the mines, which is further increased by the advanced cost of coal, due to the very limited output being mined.

Our firm was considerably criticised by our competitors on the ground that there should have been no reduction, but the coal interests should have followed the example of the steel manufacturers and maintained last year's figures. Our prices are fixed absolutely independently of any other concern and, as we have said before, did not meet general approval. Having been fixed, it was obviously impossible for any competitor to offer coal to the Panama Commission at a higher price than ours. Similarly it would have been the height of folly for them to name lower prices than ours, as such lower prices would undoubtedly have immediately established a lower plane of competition and would have been met by all.

We have not before us either the invitation of the Panama Commission to bid nor the article in the Baltimore American to which you refer. We think, however, that we have replied to all the important questions to which you refer.

If there is any further information you desire, please advise us.

Yours, very truly,

CASTNER, CURRAN & BULLITT.

I only submit that as representing the views of Castner, Curran & Bullitt, that there was no combination. On that question it is a very easy matter for the coal company to guarantee to supply coal at

all times of the year, and particularly at the time when there is not very much demand for coal; but it is a very different matter when it comes to the winter or spring season, when the price of coal at tide-water is a dollar higher than at this season. Last year the Chesapeake and Ohio, and also the New River, furnished us coal at \$2.95 a ton under their contract when they could have gotten \$2.60 at tide-water, and they gave us more coal than our contract called for.

Mr. KEECH. They were under bond, were they not?

Mr. ROSSBOTTOM. No, sir.

Mr. WANGER. You have the action of the board of directors?

Mr. ROSSBOTTOM. I have the action of the board of directors.

Mr. WANGER. Do you know of any other reasons recited by the resolution for accepting the bids that are mentioned therein.

Mr. ROSSBOTTOM. At the time the bids were received an abstract of them was made and sent to the technologic bureau of the Geological Survey, as Colonel Hodges has stated. That was before the meeting of the board, and before the bids were opened. The report of the Geological Survey was submitted, which indicated that they recommended that Pocahontas and New River coals be purchased.

Mr. HUBBARD. Is that recommendation in writing?

Mr. ROSSBOTTOM. Yes.

Mr. HUBBARD. Have you it here?

Mr. ROSSBOTTOM. Yes; Colonel Hodges has it.

Mr. ADAMSON. That is what he read?

Mr. ROSSBOTTOM. A part of it. They gave a complete report on all the coal submitted.

Mr. KEECH. Do they give a complete report of all the coals?

Mr. ROSSBOTTOM. As regards the Orenda coal, they said they had no knowledge as to where this coal originated.

Mr. KEECH. And no samples, and they had not analyzed it.

Mr. ROSSBOTTOM. No samples?

Mr. KEECH. But they had analyzed samples previously furnished them, and therefore they report on the Orenda coal without any information whatsoever, and they made no request for information or samples?

Mr. ROSSBOTTOM. No, sir; that is the fact.

Mr. KEECH. Those are the facts, yes.

Mr. GILL. Is it true that when you advertised you had no intention of accepting any other except the first two coals mentioned, if you secured a sufficient quantity of those two?

Mr. ROSSBOTTOM. The intention of the general manager who has charge of the handling of the coal supply and furnishes coal for the railroad and also for the Commission and also for the war vessels that may call there and also our Pacific connections north and south, and Panama, was to purchase none but Pocahontas coal. That would have restricted the field to five or six Pocahontas coal firms, and made it necessary to depend on one railroad, the Norfolk and Western. We had done that three or four years ago, and there were two or three wrecks on the Norfolk and Western Railroad which deprived us of the amount of coal we should have had, and as we use 40,000 tons a month down there, it came very near stopping all our operations; and it was because of that that the directors of the company thought it better, instead of restricting the coal to

Pocahontas coal, which is the standard coal of the country, to include New River coal, which is considered by some to be the equal of the Pocahontas, but which, according to the reports so far, is not quite the equal of it. We have had analyses made on the Isthmus, and the Pocahontas coal is slightly better than the New River. It was in order to take the necessary steps to prevent the company from stopping all operations, as it came very near having to do two years ago, that it was decided that we should invite bids from coal companies mining coal in the Pocahontas and New River regions. That does not mean one coal company in the Pocahontas coal region and one in the New River region. It is a large region, and there are numerous mines there. This year also the general manager recommended that we should buy only Pocahontas coal.

Mr. ADAMSON. That letter you read from the coal company on the subject of a combination seems to indicate the opinion that the Cumberland coal would be the only other coal that would be the equivalent of the Pocahontas?

Mr. ROSSBOTTOM. I believe that in the coal trade the Pocahontas coal is the standard coal of the country. The New River people claim that their coal is as good as the Pocahontas, and the Cumberland people claim that theirs is as good, but our experience has been that the Pocahontas coal is the best coal we have ever been supplied with.

Mr. GILL. Have you ever used Georges Creek coal?

Mr. ROSSBOTTOM. Yes.

Mr. GILL. In Panama?

Mr. ROSSBOTTOM. Yes.

Mr. WANGER. You never used the Orenda coal?

Mr. ROSSBOTTOM. No, sir; we have used the Quemahoning coal.

Mr. KEECH. That is a low grade coal; confessedly so.

Mr. HUBBARD. That advertisement seems not only to have included New River or Pocahontas coal, but also to have invited bids for a coal of the best quality equal in grade to the Pocahontas and New River region coal, going still further.

Mr. ROSSBOTTOM. Yes, sir.

Mr. ADAMSON. But that coal company seems to think that the Cumberland coal is the only thing that comes up to that additional invitation.

Mr. BOSWELL. They did not bid on the contract.

Mr. GILL. We have bids also received on Cumberland coal.

Mr. BOSWELL. Yes; but that was on the small-vein coal.

Mr. KEECH. There is no bid on "big vein" Georges Creek coal.

Mr. ADAMSON. If the Geological Survey did not analyze this Orenda coal and did not furnish you any information about it, and you knew nothing about this, you simply accepted those that you did know about, without considering the others, did you not?

Mr. ROSSBOTTOM. We accepted the coal we knew about. We knew about Pocahontas and New River coals.

Mr. ADAMSON. And you practically knew nothing of the Orenda coal.

Mr. ROSSBOTTOM. We have had some experience with Pennsylvania coals.

Mr. ADAMSON. And Orenda coal?

Mr. ROSSBOTTOM. The Orenda is a Pennsylvania coal. We have had some experience with other coal, and as a result we have now 20,000 tons on fire down on the Isthmus. There is a fire in our coal pile there. That is simply because we have mixed up Pennsylvania coal with the New River coal.

Mr. KEECH. Where did that come from? You say you mixed them up together?

Mr. ROSSBOTTOM. That is Clearfield coal.

Mr. ADAMSON. It is not claimed that that is this Orenda coal on which these gentlemen bid?

Mr. ROSSBOTTOM. No, sir.

Mr. ADAMSON. So that really you accepted the coal that you knew about, without any knowledge or consideration of this offer of Orenda coal?

Mr. ROSSBOTTOM. That is true, in a measure.

Mr. HUBBARD. And without inquiring whether or not it was equal to the Pocahontas or New River coals?

Mr. ROSSBOTTOM. That is true also. But the Geological Survey having no record of the Orenda coal, and we ourselves having no record of it, never having heard of it, it was naturally assumed that it could not be in the same class as the Pocahontas and New River coals were, which were the standards of the country.

Mr. WANGER. Were not their bids accompanied by certified analyses?

Mr. ROSSBOTTOM. Yes; all bids are accompanied by analyses; and, as you gentlemen have seen to-day, there are three or four analyses of the same coal.

Mr. KEECH. But take the analysis that did accompany that coal. Was it not as good, as Colonel Hodges has stated, as the analyses of the other coals which you did ultimately purchase?

Mr. ROSSBOTTOM. That depends on which analysis of the other ones you take.

Mr. KEECH. He ran over them and stated that as his conclusion.

Mr. ADAMSON. If you had bought on the analyses furnished, you would have held them to the analysis in buying the coal?

Mr. ROSSBOTTOM. Coal is seldom bought on the analysis. It is bought on the number of British thermal units, and our contract was placed with Castner, Curran & Bullitt and the Chesapeake and Ohio Coal Company and the Berwind-White Coal Company on the agreement that it should equal 14,000 British thermal units.

Mr. ADAMSON. And if it had fallen below that you would not have accepted it?

Mr. ROSSBOTTOM. Yes, we would have accepted it.

Mr. ADAMSON. But you would have scaled the price?

Mr. ROSSBOTTOM. Yes; but we do not want that kind of coal. We want the very best coal on the Isthmus. The climatic conditions are such that it requires the very best quality of coal to stand it, and also be satisfactory to the United States naval vessels and for all the other uses to which it is put there.

Mr. HUBBARD. The specifications say:

Coal to be of the best quality, equal in grade to the product of Pocahontas or New River regions, as shown by certified analyses and tests.

Mr. ROSSBOTTOM. That did not mean that we should test the coal. That means that the bids should have been accompanied with tests.

Mr. HUBBARD. Were they so accompanied?

Mr. ROSSBOTTOM. Most of the bids were. The bid of the Merchants' Coal Company had a test, a printed pamphlet, giving the date that the analysis was made.

Mr. HUBBARD. The test is something different from the analysis, is it not?

Mr. ROSSBOTTOM. The test includes the analysis and the number of British thermal units.

Mr. HUBBARD. Was the report of test furnished?

Mr. ROSSBOTTOM. No, sir.

Mr. KEECH. Is that the paper that was given you, or a copy of it [indicating paper]?

Mr. ROSSBOTTOM. No, sir; none of those papers were given to us.

Mr. KEECH. This shows four different statements of British thermal units, running up to 15,000, according to certain methods of test.

Mr. ROSSBOTTOM. The only statement given to us was one marked "Orenda coal," dated January 9, 1904.

Mr. HUBBARD. Was there any reference to any test in that?

Mr. ROSSBOTTOM. No, sir.

Mr. HUBBARD. Did the bid, then, comply with the advertisement in respect to the requirement of tests?

Mr. ROSSBOTTOM. It did not; but that would have been no reason for rejecting it. The mere fact that it was not accompanied by tests would not have required us to reject it.

Mr. KEECH. Did the others send tests?

Mr. ROSSBOTTOM. Yes; most of them did.

Mr. KEECH. Did those particular concerns to which you let the contracts?

Mr. ROSSBOTTOM. Yes, sir.

Mr. KEECH. Do you know where the Georges Creek region is?

Mr. ROSSBOTTOM. I am not familiar with the regions of the different coals.

Mr. KEECH. Do you know what price in the ordinary market the "big vein" Georges Creek brings as compared with other coals?

Mr. ROSSBOTTOM. The "big vein" Georges Creek has always been quoted to us heretofore at the same prices as Pocahontas and New River.

Mr. KEECH. It sells for more in the commercial market, which means that if you bought Pocahontas and New River you were probably paying more for your coal. Will you tell me this: When that request for bids was made, was there any intention on the part of the Panama Railroad Company to take any other coal than New River and Pocahontas coal?

Mr. ROSSBOTTOM. The intention of the Panama Railroad Company was to take Pocahontas coal preferably, New River coal secondly, and if any other coal was mined in the United States equal to Pocahontas, to accept such coal later if the price was less. If the price was not less, there was no reason why the company should experiment in sending down untried coal to the Isthmus.

Mr. KEECH. Then why did you state in your letter that Pocahontas and New River coals were called for by the Isthmian officials?

Mr. ROSSBOTTOM. They are called for by the specifications.

Mr. HUBBARD. If you will permit me, there was a difference between the requisitions that came from the officials on the Isthmus and the description contained in your advertisement?

Mr. ROSSBOTTOM. There was.

Mr. HUBBARD. And the requisitions of the officials there were extended by the officials in New York or by Executive order so as to include other coals?

Mr. ROSSBOTTOM. So as to include other coals.

Mr. ADAMSON. But in an emergency only?

Mr. ROSSBOTTOM. That is all. It would be preferable for the company, so far as its operations are concerned, to send nothing but Pocahontas coal to the Isthmus, but we can not depend on one railroad to supply us.

Mr. ADAMSON. After the investigation you made you concluded that those companies were not in a combination?

Mr. ROSSBOTTOM. We did.

Mr. ADAMSON. If a gentleman's agreement is conformed to, it operates just like a combination?

Mr. ROSSBOTTOM. But if one of them dropped out—

Mr. ADAMSON. If they all drop together or all rise together, it has the same effect as a combination, does it not?

Mr. ROSSBOTTOM. No, sir; if one of them lowers its rates the others have to lower their rates, following suit.

Mr. ADAMSON. If one falls or rises they all fall or rise?

Mr. ROSSBOTTOM. Yes; undoubtedly.

Mr. ADAMSON. And why is not an agreement of that kind as effective as a combination?

Mr. ROSSBOTTOM. Because if the purpose was to raise the rate it is a bad combination, but for the purpose of reducing the rate it is a good combination.

Mr. ADAMSON. It limits the choice to their gang, and in that why does it not work just like a combination? It does, does it not?

Mr. ROSSBOTTOM. Yes.

Mr. KEECH. Who owns and controls the genuine Pocahontas coal?

Mr. ROSSBOTTOM. There is a disputed question about that. Each representative of coal in the Pocahontas district claims that he controls the actual Pocahontas coal. For instance, the firm of Castner, Curran & Bullitt claim that theirs is the only Pocahontas coal. And others claim the same thing for their coal. Each man that owns a mine in the Pocahontas region claims that his is the only Pocahontas coal.

Mr. KEECH. How many distinct and different producers claiming to produce Pocahontas coal actually filed bids in response to this advertisement?

Mr. ADAMSON. The competition, then, consists in seeing who can make the loudest claims. [Laughter.]

Mr. ROSSBOTTOM. Except that we have the report of the Government to the effect that the Castner, Curran & Bullitt coal is the best Pocahontas coal that is mined. We have the Pocahontas coal of the Smokeless Fuel Company, the coal of Castner, Curran & Bullitt, of the William C. Atwater Company, of the New River Coal Company, the Berwind-White Coal Mining Company, C. H. Sprague & Son, the New River Consolidated Coal and Coke Company, the Ches-



apeake and Ohio Coal Agency Company, and the Chesapeake and Ohio Coal and Coke Company.

Mr. HUBBARD. Coming back for a moment to the three bidders on Pocahontas coal, could any one of them have furnished your whole supply, assuming for the moment that you used Pocahontas coal alone?

Mr. ROSSBOTTOM. Undoubtedly they could have.

Mr. HUBBARD. Any one of them?

Mr. ROSSBOTTOM. Any one of them.

Mr. HUBBARD. That is all.

Mr. ADAMSON. I think I see where the Merchants' Coal Company has made its break. It ought to divide up into three or four companies in order to have more gangs to claim theirs is the best, and the only real thing.

Mr. BOSWELL. Castner, Curran & Bullitt do not mine all the coal they handle. They are the agents for a number of other people.

Mr. KEECH. Do you know anything concerning the relation between the Chesapeake and Ohio Railroad and the coal operators there, from matters that have lately been brought out before the Interstate Commerce Commission?

Mr. ROSSBOTTOM. No; I have no knowledge of anything of that kind.

Mr. KEECH. Did you have anything to do with the letting of the contract to Berwind and White for the Panama steamers?

Mr. ROSSBOTTOM. I have nothing to do with the letting of any contracts, but I know of it.

Mr. KEECH. You know of it?

Mr. ROSSBOTTOM. Yes.

Mr. KEECH. I do not know whether the committee would like to hear of that fact in connection with these other facts, but it seems to be strangely pertinent. Will you look at that and see whether that is a list of the bids, as well as you can recollect them, in connection with the 100,000 tons of coal for the——

Mr. ROSSBOTTOM. For the steamers?

Mr. KEECH. Yes.

Mr. ROSSBOTTOM (after examination). I could not say positively that that is a list.

Mr. KEECH. On that I observe that the Berwind-White people are bidding \$3.35 for Eureka coal. I suppose that is f. o. b. New York?

Mr. ROSSBOTTOM. F. o. b. New York.

Mr. KEECH. Now will you look at that and see if you can find, say, one other bid—by the way, why did the Pennsylvania, Beech Creek and Eastern Coal Company make bids on that, do you know?

Mr. ROSSBOTTOM. I do not know.

Mr. BOSWELL. Two kinds of coal.

Mr. KEECH. That being the highest bid for that coal, why did you let that? What were the specifications governing that bid?

Mr. ROSSBOTTOM. That is an entirely different specification, but I would like to explain that to the committee, if you desire.

Mr. WANGER. I will leave it to my colleagues.

Mr. HUBBARD. I do not see the bearing of it.

Mr. KEECH. It has no direct bearing.

Mr. HUBBARD. Suppose you leave that to some other time and some other committee, then.

Mr. KEECH. Very well.

Mr. ROSSBOTTOM. I am perfectly willing to go into that fully.

Mr. GILL. Just one or two questions to close.

Mr. WANGER. Very well.

Mr. GILL. You stated just now that you made some inquiries as to whether or not there was a combination among the bidders on the Pocahontas and New River coal, and in making that inquiry you ascertained that they had a meeting in New York and had adopted a gentleman's agreement as to the price at which they were going to sell for the year?

Mr. ROSSBOTTOM. Yes.

Mr. GILL. You did not state where you got that information from.

Mr. ROSSBOTTOM. We got that in talking with the heads of all the coal people, in New York, when they called at the office at the time the bids were opened.

Mr. GILL. Can you concrete that? I would like to have the names of some of those people.

Mr. ROSSBOTTOM. It is universal talk among the whole trade, just as you read in to-day's paper that yesterday was Friday.

Mr. GILL. But you said you made inquiry.

Mr. ROSSBOTTOM. We made inquiry from Castner, Curran & Bullitt and the Berwind & White Coal Mining Company.

Mr. GILL. These are the bidders?

Mr. ROSSBOTTOM. Yes; and the Chesapeake Coal Company.

Mr. GILL. Did the bidders admit to you that they had met in the Waldorf-Astoria Hotel at New York and made this agreement?

Mr. ROSSBOTTOM. No; the bidders, excepting Castner, Curran & Bullitt, admitted to us that they were opposed to the action of Castner, Curran & Bullitt in reducing prices when it was unnecessary for them to do so.

Mr. WANGER. Is there any other information?

Mr. HUBBARD. Let me ask you whether this gentleman's agreement that you speak of was something that was publicly and generally known?

Mr. ROSSBOTTOM. It was.

Mr. HUBBARD. Or was something that was only ascertained by specific inquiry and investigation?

Mr. ROSSBOTTOM. No; it is the custom in the coal trade.

Mr. HUBBARD. And was generally known to the board of directors?

Mr. ROSSBOTTOM. Yes.

Mr. HUBBARD. And others connected with the business?

Mr. ROSSBOTTOM. Yes; it is the custom to meet in the early spring and fix on the prices for the different grades, and we understood that the price of Pocahontas and New River coal would be the same as last year. When we received that information we notified Berwind & White and the Chesapeake and Ohio people, and Castner, Curran & Bullitt that the longer they kept up the policy of increasing their rates on coal and making it cost the company more for coal the sooner we would go into the market and install oil on the Isthmus, where we have a supply; and we also told them we had already installed oil under our pumping stations and elsewhere, and this affected the amount of coal we sent down there. It was because of that, so they

told us, and because of the fear that we would further install on the Isthmus, that they thought it better to reduce their price. That is the excuse they gave us.

Mr. KEECH. Was this combination known when the specifications for the bids were issued?

Mr. ROSSBOTTOM. Yes.

Mr. KEECH. And did that have anything to do with the request for other coals equally good?

Mr. ROSSBOTTOM. No; it has always been the practice for the company to advertise for Pocahontas and New River coals, or coals equally as good. All our specifications, ever since we have advertised for coal, have been on that same basis.

Mr. KEECH. But it is also equally true that you never have allowed that anything was equal to Pocahontas and New River coal?

Mr. ROSSBOTTOM. Yes.

Mr. GILL. Now, you interrupted my line of questions, and if you have got through with yours, let us go back again. I understood you to say that when you started to make inquiries as to whether or not there was a combination among these coal owners to fix the price, among the people you asked about it were Berwind & White and Castner, Curran & Bullitt.

Mr. ROSSBOTTOM. Yes.

Mr. GILL. And they informed you that there had been a meeting, at which they fixed the prices at the Waldorf-Astoria, but owing to one of the members declining to abide by that price, they had had to come down?

Mr. ROSSBOTTOM. We directly charged them with seeking and combining to make the price of coal stationary, or to increase the price of coal, and we told them after bids were received that it was the intention of the company to reject all bids and readvertise for proposals, in the endeavor to break up any combination, if it existed; and we also told the New River people, other than the Chesapeake and Ohio and Berwind & White, who bid on New River coal, that if any of them bid lower than \$2.65 or \$2.80 we would reject all bids and accept their bids—that is, we would accept the lowest bid on Pocahontas and New River coal. This was after the bids had been received and had been tabulated and were being considered by the officers of the company.

Mr. GILL. That did not break the combination?

Mr. ROSSBOTTOM. No, sir. They stated that they had reduced the price of coal and that there was no combination.

Mr. GILL. We were speaking about the information you got about that meeting in the Waldorf-Astoria, where the prices were fixed. Did you get that from Berwind & White?

Mr. ROSSBOTTOM. I think that the newspapers had an account of the meeting of the coal agents at the Waldorf, and it was universally known in the coal trade.

Mr. HUBBARD. I understood you charged them with that.

Mr. ROSSBOTTOM. Yes, sir.

Mr. HUBBARD. Did they ever admit that?

Mr. ROSSBOTTOM. No, sir; they denied it.

Mr. GILL. That they had this gentleman's agreement?

Mr. ROSSBOTTOM. No; they did not deny that.

Mr. GILL. That is what I am talking about. They admitted that they had this gentleman's agreement at the Waldorf-Astoria Hotel?

Mr. ROSSBOTTOM. They admitted there was a meeting at the Waldorf to fix all the prices for the various grades of coal for the coming year, as had been the custom for years.

Mr. GILL. Was this an official inquiry you made as representing the Panama Railroad Company?

Mr. ROSSBOTTOM. Undoubtedly.

Mr. GILL. Was that an official inquiry you made with reference to this question?

Mr. ROSSBOTTOM. Undoubtedly it was.

Mr. GILL. Brought about—

Mr. ROSSBOTTOM. By the fact of the bids.

Mr. GILL. By the similarity of the bids?

Mr. ROSSBOTTOM. Yes, undoubtedly.

Mr. GILL. And that investigation led you to ascertain the fact that the agents of these companies had met at the Waldorf and fixed the prices?

Mr. ROSSBOTTOM. It did.

Mr. GILL. That is so?

Mr. ROSSBOTTOM. Yes.

Mr. GILL. That is all I want.

Mr. KEECH. Let me ask you one other thing: If, assuming that the Merchants Coal Company's Orenda coal was furnished as stated in the analyses given there—

Mr. WANGER. Which analyses are you speaking of?

Mr. KEECH. I am referring to the one on which the bid was made and the one which we would have been required to have held up to. Would or would it not have been a cheaper coal, at 27 cents advantage in the price, assuming it was as good, of course, as we stated, and of course we guaranteed it to be?

Mr. ROSSBOTTOM. We could not very well purchase coal on an analysis of this kind, because the analysis on the Isthmus is an altogether different analysis from what you get here. But the only way we could compare the coals would be by the number of British thermal units in each pound.

Mr. ADAMSON. I have not been able to understand yet by what process you arrived at the two or three to whom you awarded the contract when seven or eight had bid the same price.

Mr. ROSSBOTTOM. By the report of the technologic branch of the Geological Survey.

Mr. ADAMSON. Oh, yes.

Mr. ROSSBOTTOM. Which indicated that coal from the mines of Castner, Curran & Bullitt, Berwind & White, and the Chesapeake and Ohio Coal Company, were the highest in grade of the Pocahontas coal.

Mr. ADAMSON. You concluded from the analyses that they were the cheapest coals?

Mr. ROSSBOTTOM. That they were the cheapest coals.

Mr. HUBBARD. You say the analyses on the Isthmus might differ from the ones here?

Mr. ROSSBOTTOM. Undoubtedly.

Mr. HUBBARD. Would that arise out of a difference in the analyses and analyzers, or a changed condition of the coal?

Mr. ROSSBOTTOM. It would arise out of the changed condition of the coal, resulting from climatic changes.

Mr. KEECH. How could you ascertain that if you had never been down there? In other words, what method had you, what method was there, of ascertaining whether or not the coal was the equal of the New River and the Pocahontas coal?

Mr. HUBBARD. On the Isthmus?

Mr. KEECH. That is it.

Mr. ROSSBOTTOM. Because it did not come from the regions where the Pocahontas and the New River coals are mined. In the second place, it is a Pennsylvania coal, and we have had a great deal of difficulty with Pennsylvania coals.

Mr. KEECH. Coming from an entirely different region from those you have had experience with?

Mr. ROSSBOTTOM. Yes.

Mr. GILL. Do you mean to say there are no coals in Pennsylvania equal to the Pocahontas coal?

Mr. ROSSBOTTOM. That is our opinion.

Mr. GILL. None in Maryland?

Mr. ROSSBOTTOM. No; I will not say Maryland.

Mr. KEECH. What I am driving at is this: Here is a coal. We contend that it is as good. Assuming that it is as good, how are you going to ascertain the fact as to whether or not we are correct? That is what I want to know. What method is there of ascertaining that fact? I do not want to get your opinion as to whether coal from one region is better than coal from another region, but here is the question: Is it, or is it not, as good when it is on the Isthmus? How can you ascertain that fact?

Mr. ADAMSON. I understood Mr. Rosssbottom sometime ago, in answer to my question, to say substantially that they had received offers enough of the coal that they knew and were willing to take, so that it was not necessary to give close consideration to any of the others.

Mr. KEECH. To anybody else; that is the point. Having gotten sufficient bids of New River coal, at whatever price it may have come, they did not propose to consider any of the others. Is not that correct?

Mr. ROSSBOTTOM. It is correct in a measure.

Mr. HUBBARD. What do you mean by that?

Mr. ROSSBOTTOM. Our requisition from the Isthmus called for nothing but Pocahontas coal, which is the highest grade coal in the country. The board of directors felt that they could not make a contract for that coal alone, for fear the Norfolk and Western Railroad might break down and interfere with our coal supply. We were using 40,000 tons a month, and they felt that they could not afford to have our supply interrupted. The board of directors decided that the next best coal was New River coal, and they could get enough of the two to answer our requirements; and climatic conditions on the Isthmus are such and labor conditions are such that we have to have the very best coal we can find. We took the analysis of the Geological Survey, which indicates that the Pocahontas is the best, and we took the analysis also which indicates that the New River coal is practically as good as the Pocahontas.

Mr. ADAMSON. And having secured offers of enough—

Mr. HUBBARD. He has not yet completed his answer.

Mr. ADAMSON. Excuse me.

Mr. ROSSBOTTOM. The Orenda coal the United States Government knows nothing of. It is offered at \$2.53. All that we know is that it is a Pennsylvania coal; but we can get enough of coal of the very best quality on the Isthmus, and the board authorizes the letting of the contracts for those coals.

Mr. KEECH. They knew what it was guaranteed to be.

Mr. ROSSBOTTOM. No; we did not know what it was.

Mr. HUBBARD. I would like to ask whether you know anything of this analysis which is not certified to, which is said to have been made of coal taken out of a delivery?

Mr. ROSSBOTTOM. No; I do not know anything about analyses of Orenda coal. We have one analysis which they submitted, which indicated that the ash was 4.80.

Mr. HUBBARD. I mean the one that is not certified. If you do not know anything about the transaction, never mind.

Mr. ROSSBOTTOM. We do not know anything about it. The only other analysis we know anything of is the one accompanying Mr. Doyle's letter. This was a Government analysis that he submitted.

Mr. ADAMSON. If Mr. Rossbottom is through and the other gentlemen are through, can not Mr. Gill and Colonel Hodges say anything additional they wish to say at another meeting?

The CHAIRMAN. I do not know whether we can have another hearing upon this or not.

(At 5.15 o'clock p. m. the subcommittee adjourned.)

#### EXHIBIT No. 4.

*Analysis of coals offered by bidders in response to Circular P-122, inviting proposals for furnishing semibituminous coal.*

E. W. Williams:

Name of coal, from Birmingham district.

Analysis—	Per cent.
Fixed carbon.....	0.64 to 0.68
Volatile matter.....	.24
Ash.....	07 to .10
Sulphur.....	.01

Somerset Real Estate Coal Company. No analysis submitted.

New River Consolidated Coal and Coke Company. No analysis submitted.

The Davis Coal and Coke Company:

Name of coal, Thomas semibituminous.

Analysis—	Per cent.
Moisture.....	1.20
Volatile carbon.....	17.78
Fixed carbon.....	74.42
Ash.....	6.60
Sulphur.....	.74
Increase in weight at 250° F.....	.27

C. H. Sprague & Son:

Kind of coal: New River steam coal.

Analysis—

Barge Kentucky, June 4 to June 6—

Moisture.....	2.82
Volatile.....	21.80
Carbon.....	73.20
Ash.....	5.00
Sulphur.....	.95
British thermal units, 15, 115.	

## C. H. Sprague &amp; Son—Continued.

Kind of Coal: New River steam coal—Continued.

Analysis—Continued.

Barge *Annie*, June 20 to June 24—

Per cent.

Moisture.....	1.59
Volatile.....	20.83
Carbon.....	72.83
Ash.....	6.34
Sulphur.....	1.10

British thermal units, 14,880.

Steamer *Bay Port*, June 25 to June 30—

Moisture.....	2.01
Volatile.....	21.76
Carbon.....	73.78
Ash.....	4.46
Sulphur.....	.86

British thermal units, 15,067.

Barge *Hattie*, June 29 to July 3—

Moisture.....	2.82
Volatile.....	20.31
Carbon.....	74.16
Ash.....	5.53
Sulphur.....	.85

British thermal units, 15,005.

Barge *Badger*, July 8 to July 11—

Moisture.....	2.08
Volatile.....	21.87
Carbon.....	72.99
Ash.....	5.14
Sulphur.....	.88

British thermal units, 14,937.

## National Coal Company.

Name of coal: George's Creek.

Analysis—

(1) Fixed carbon.....	80.24
Volatile matter.....	14.46
Moisture.....	.74
Ash.....	4.56
Sulphur.....	.95
Increase in weight at 250° F.....	.40
British thermal units, 14,259.	
(2) Fixed carbon.....	77.82
Volatile matter.....	15.58
Moisture.....	.50
Ash.....	6.10
Sulphur.....	.98
Increase in weight at 250° F.....	.01
British thermal units, 14,259.	
(3) Fixed carbon.....	79.58
Volatile matter.....	14.75
Moisture.....	.67
Ash.....	5.00
Sulphur.....	.95
Increase in weight at 250° F.....	.03
British thermal units, 14,321.	

## Maryland Coal and Coke Company.

Name of coal: Imperial.

Analysis—

Moisture.....	0.36
Fixed carbon.....	68.98
Volatile matter.....	23.27
Sulphur.....	1.10
Ash.....	7.39
British thermal units, 14,132.	

**Maryland Coal and Coke Company—Continued.**

Name of coal: Pocahontas.

Analysis—	Per cent.
Moisture.....	0.36
Fixed carbon.....	74.86
Volatile matter.....	17.98
Sulphur.....	.67
Ash.....	6.80
British thermal units, 14,500.	

**Merchant's Coal Company:**

Name of coal: Tunnelton.

Analysis—	
Moisture.....	0.986
Volatile matter.....	31.524
Fixed carbon.....	58.295
Ash.....	9.195
Sulphur.....	1.031
Phosphorous.....	0.187

Name of coal: Orenda coal.

Analysis—	
Moisture.....	0.98
Volatile matter.....	14.26
Fixed carbon.....	79.96
Ash.....	4.80
Sulphur.....	.87

Name of coal, Elk Lick No. 3:

Analysis—	
Moisture.....	.55
Volatile matter.....	16.06
Fixed carbon.....	74.30
Ash.....	9.10
Sulphur.....	1.01

**Berwind-White Coal Mining Company.**

Name of coal, Blue River:

Analysis—	
(1) Fixed carbon.....	74.50
Volatile matter.....	21.41
Moisture.....	.43
Ash.....	3.66
Sulphur.....	.80
British thermal units, 14,626.	
(2) Fixed carbon.....	76.96
Volatile matter.....	17.62
Moisture.....	.52
Ash.....	4.90
Sulphur.....	.80
British thermal units, 14,626.	

**Smokeless Fuel Company.**

Name of coal, New River:

Analysis—	
(1) Moisture.....	.70
Volatile carbon.....	28.17
Fixed carbon.....	70.49
Ash.....	2.64
Sulphur.....	.68
Phosphorous.....	.017
British thermal units, 15,443.	
(2) Moisture.....	1.60
Volatile carbon.....	20.32
Fixed carbon.....	75.87
Ash.....	1.75
Sulphur.....	.46
British thermal units, 15,440.	
(3) Fixed carbon.....	73.34
Volatile matter.....	20.57
Moisture.....	.81
Ash.....	5.28
Sulphur.....	.67
British thermal units, 14,393.	



## Smokeless Fuel Company—Continued.

Name of coal, New River—Continued.

## Analysis—

Per cent.

(4) Fixed carbon.....	71.32
Volatile matter.....	23.80
Moisture.....	.72
Ash.....	4.16
Sulphur.....	.66
British thermal units, 14,782.	
(5) Fixed carbon.....	70.82
Volatile matter.....	23.31
Moisture.....	.76
Ash.....	4.11
Sulphur.....	.66
British thermal units, 14,782.	

Name of coal: Pocahontas.

## Analysis—

(1) Fixed carbon.....	79.84
Volatile matter.....	16.94
Moisture.....	.58
Ash.....	2.64
Sulphur.....	.59
Increase in weight at 250° F.....	.62
British thermal units, 15,348.	
(2) Fixed carbon.....	81.20
Volatile matter.....	13.87
Moisture.....	.35
Ash.....	4.58
Sulphur.....	.65
British thermal units, 14,704.	
(3) Fixed carbon.....	82.31
Volatile matter.....	15.46
Moisture.....	.61
Ash.....	1.62
Sulphur.....	.60
Increase in weight at 250° F.....	.22
(4) Fixed carbon.....	84.02
Volatile matter.....	13.62
Moisture.....	.74
Ash.....	1.62
Sulphur.....	.52
Increase in weight at 250° F.....	.51

## Chesapeake and Ohio Coal Agency Company:

Name of coal: Orcutt's New River steam coal.

## Analysis—

Fixed carbon.....	76.096
Volatile matter.....	19.799
Moisture.....	.709
Ash.....	3.396
Sulphur.....	.70
Increase in weight at 250° F.....	.29
British thermal units, 14,575.	

## William C. Atwater &amp; Co.

Name of coal: Pocahontas.

## Analysis—

(1) Fixed carbon.....	78.48
Volatile matter.....	14.99
Moisture.....	.61
Ash.....	5.92
Sulphur.....	.75
British thermal units, 14,549.	
(2) Fixed carbon.....	80.40
Volatile matter.....	15.02
Moisture.....	.22
Ash.....	4.36
Sulphur.....	1.02
Increase in weight at 250° F.....	.24
British thermal units, 14,704.	

## William C. Atwater &amp; Co.—Continued.

Name of coal: Pocahontas—Continued.

## Analysis—Continued.

	Per cent.
(3) Fixed carbon.....	79.85
Volatile matter.....	16.89
Moisture.....	.33
Ash.....	2.93
Sulphur.....	1.02
Increase in weight at 250° F.....	.67
British thermal units, 15,015.	
(4) Fixed carbon.....	81.18
Volatile matter.....	16.21
Moisture.....	.27
Ash.....	2.34
Sulphur.....	.67
Increase in weight at 250° F.....	.20
British thermal units, 15,386.	

Pennsylvania, Beech Creek and Eastern Coal Company.

Name of coal: Webster. Refers to Bulletin No. 240 of the Department of the Interior (United States Geological Survey), page 178, for analysis of Webster coal.

Chesapeake and Ohio Coal and Coke Company.

Name of coal: New River "Admiralty."

## Analysis—

	Per cent.
Moisture.....	.70
Volatile combustible matter.....	22.44
Fixed carbon.....	73.34
Ash.....	3.52
Sulphur.....	.75

Castner, Curran &amp; Bullitt.

Name of coal: Pocahontas.

## Analysis—

Moisture.....	.837
Fixed carbon.....	74.532
Volatile matter.....	19.437
Sulphur.....	.550
Ash.....	4.03

## EXHIBIT No. 2.

Circular P-122 inviting bids for semibituminous coal, was advertised in the Philadelphia North American March 15, 1908, Baltimore American March 13, 1908, New York Tribune March 12, 1908, Coal Trade Journal March 14, 1908. Copies of proposals were mailed to the following named parties:

Chesapeake and Ohio Coal and Coke Company, 11 Broadway.

New River Coal Sales Company, 21 State street.

Commercial Coal Mining Company, 1 Broadway.

Edward A. Willard &amp; Co., 21 State street.

Keystone Coal and Coke Company, 12 Broadway.

Pennsylvania Coal and Coke Company, Land Title Building, Philadelphia.

New River Consolidated Coal and Coke Company, Richmond, Va.

Monongahela Coal and Coke Company, Pittsburg, Pa.

Davis Coal and Coke Company, Baltimore, Md.

Fairmont Coal Company, 1 Broadway.

Consolidated Coal Company, St. Louis, Mo.

Castner, Curran &amp; Bullitt, 1 Broadway.

Berwind-White Coal Mining Company, 1 Broadway.

Chesapeake and Ohio Coal Agency Company, 1 Broadway.

Willard Brothers, 24 State street.

Cambria Coal Mining Company, 17 Battery place.

Amalgamated Coal Company, Baltimore, Md.

Davis Coal and Coke Company, 1 Broadway.

Morrisdale Coal Company, 1 Broadway.

Peale, Peacock &amp; Kerr, 1 Broadway.

Stony Creek Coal and Coke Company, 6 Battery place.

C. J. Wittenberg, 11 Broadway.

Amalgamated Coal Company, 17 State street.

Maryland Coal and Coke Company, Baltimore, Md.  
 W. K. Niver Coal Company, 11 Broadway.  
 Empire Mining Company, 1 Broadway.  
 Tidewater Coal Company, 1 Broadway.  
 S. A. Edmunds Coal Company, Hopkinsville, Ky.  
 Wm. L. Rawson, 1011 Chestnut street, Philadelphia.  
 National Coal Company, Gay and Lombard streets, Baltimore.  
 Pittsburgh Buffalo Company, Mutual Life Building, Philadelphia.  
 Merchants Coal Company, Baltimore, Md.  
 Anderson Coal Mining Company, Boston, Mass.  
 M. S. Shipping Company, 8 Bridge street.  
 Maryland Coal and Coke Company, Baltimore, Md.  
 E. Williams, Southern Hotel, Mobile, Ala.  
 C. H. Sprague & Son, 70 Kilby street, Boston, Mass.  
 Barbour & Co., Produce Exchange.  
 Smokeless Fuel Company, Produce Exchange.  
 Chesapeake and Ohio Coal and Coke Company, Richmond, Va.  
 Henderson Coal Company, 1 Broadway.  
 Hutchinson-McCandlish Coal Company, Reading, Pa.  
 New River Consolidated Coal and Coke Company, Boston, Mass.  
 Sturtevant Coal Company, Boston, Mass.  
 L. B. Brydon & Co., Baltimore, Md.  
 Somerset Real Estate Coal Company, Somerset, Pa.

DEPARTMENT OF THE NAVY,  
 BUREAU OF EQUIPMENT,  
 Washington, D. C., July 20, 1904.

GENTLEMEN: 1. The Bureau incloses herewith copy of the report of evaporative test of the Quemahoning coal made at the navy-yard, New York, in compliance with your request.

Very respectfully,

A. C. WRENN,  
 Acting Chief of Bureau.

MERCHANTS COAL COMPANY,  
 Baltimore, Md.

BALTIMORE, July 21, 1904.

BUREAU OF EQUIPMENT,  
 Navy Department, Washington, D. C.

GENTLEMEN: We wish to acknowledge receipt of your favor of the 20th, inclosing test of our Quemahoning coal at the Brooklyn Navy-Yard. We note that you say it is an excellent coal, but does not last quite as long as New River. Of course we can not contradict this as we do not know the test of the New River.

Regarding the coal being very lumpy and appeared to be hand picked. We beg to state that this coal was not hand picked; it was run-of-mine coal, as our coal when it comes out of the mines is more than 75 per cent lumps, all of it having been mined by machines and the dust, or the cuttings from the machines, having been left in the mines.

Yours, very truly,

MERCHANTS COAL CO.  
 BOSWELL.

NAVY-YARD, NEW YORK, July 15, 1904.

SIR: 1. As directed in Bureau of Steam Engineering letter No. 15792-XX, dated December 12, 1903, I respectfully report for the information of the Bureau that evaporation tests have been made of sample of Quemahoning coal, and report with tables, giving results of test, in triplicate, are submitted herewith.

Very respectfully,

J. A. B. SMITH,  
 Captain, United States Navy, Head of Department of Steam Engineering.  
 To the COMMANDANT,  
 Navy-Yard and Station.

## QUEMAHONING COAL.

Twelve tons received May 28, 1904, contained in 211 bags, averaging 114 pounds per bag. From mines at Boswell, Pa., of the Merchant Coal Company, Baltimore. The coal appeared to be hand picked and not the run of the mine. It was 75 per cent lump, and the slack appeared to be from the shipping. The lumps are easily broken up. It is a fast and free burning coal, quick to ignite and flashing into fire, and gives off a red to bright yellow long flame exactly like the Georges Creek coal from the Elk Garden mines. It does not crust over and is easily broken up with the hoe in the fire, requiring little use of the slice bar. The ash pan does not keep bright, though this does not seem to affect the draft. The coal seems to lie close, but still loose, and burns so fast that fresh coal had to be used to fill up holes in the fire. It is a splendid coal, but does not last as long as the New River coal, and the slice bar causes the fire to thin out, leaving little body for fresh coal, so it was used only twice—at the beginning and toward the end of the test. Forty-five thousand one hundred and thirty-two pounds water were fed to the boiler and 6,132 pounds coal burned, making the apparent evaporation equal 736 pounds water per pound of coal.

DEPARTMENT OF THE INTERIOR,  
UNITED STATES GEOLOGICAL SURVEY, TECHNOLOGIC BRANCH,  
Washington, D. C., April 4, 1908.

MR. RICHARD REID ROGERS,  
*General Counsel Panama Railway Company,  
Anson Mills Building, Washington, D. C.*

MY DEAR SIR: In carrying out your verbal request for information concerning the different kinds of coal offered for sale to the Panama Railway Company in connection with the bids opened March 23, 1908, I beg to submit the attached memorandum.

In this memorandum I call your attention to the notes under Nos. 3, 10, 12, and 15 relative to New River coal, and No. 6 relative to the Pocahontas coal; also to the fact that we have no information concerning the Pocahontas coal offered under Nos. 8, 11, and 13. I may also call your attention to the analyses of the average high-grade Pocahontas and New River coals given in the table on page 6 of this memorandum. These analyses were made by samples collected in the different Pocahontas and New River mines. The samples are slightly cleaner than may be expected from carload shipments; the latter probably would have for these coals from 5 to 7 per cent of ash and approximately 14,500 B. T. U. (British thermal units.)

The New River and Pocahontas coals resemble so closely in their heating value (B. T. U.) that for your purpose I see no distinct choice between them, provided the Pocahontas coal is limited to that from bed No. 3 of West Virginia, and provided that the New River coal is taken from the Sewell's or Fire Creek beds in the New River district of West Virginia.

I would respectfully recommend, whether you decide to purchase Pocahontas or New River coal, that you specify in your contract that the standard for this coal as delivered on board ship shall be 14,500 British thermal units (B. T. U.), and that for each 1 per cent increase or decrease in the British thermal units there will be a corresponding increase or decrease of 1 per cent in the price to be paid per ton for this coal as compared with the price agreed upon in your bids. (See also p. 4.)

As an illustration, if the price paid on this coal is \$2.30 and the British thermal units should be 14,790, or 2 per cent above the standard (14,500), the price paid would be \$2.346 (or 2 per cent above the \$2.30); or if the British thermal unit should drop 2 per cent (to 14,210), this would mean a drop in the price to be paid to \$2.254 (2 per cent below \$2.30) per ton.

While this system may seem a little complicated at first glance, it is a system which is now in force in the purchase of bituminous coal for all the public buildings of the Government burning bituminous coal, and has been found to work satisfactory both to the Government and to the dealers in coal. Furthermore, the large companies like the Interboro Rapid Transit Company, in New York, and many others in different parts of the country, are now purchasing their coal supplies, aggregating many millions of tons yearly, on a basis similar to this. I may add that a system of this sort becomes peculiarly applicable to coals which are shipped long distances, as is true of the coals which you are to purchase, and where the higher the grade of coal the better you can afford to pay the suggested increase in price, and the less you can afford to purchase the low-grade coal even at a reduced price.

The range suggested above encourages the dealer to supply you with the highest grade of coal obtainable, and correspondingly discourages him from supplying you with the low-grade coal, such as you can not afford to purchase.

Furthermore, the arrangement is so specific that there can be no chance for dispute between the purchaser and the seller, provided the method of sampling and of making the analysis is agreed upon in advance, and concerning these two points we have thus far had no serious difference between the Government and the dealers.

You can avoid any dispute upon this point by inserting further in your contract that the method of sampling to be followed shall be that practiced uniformly by the technologic branch of the Geological Survey in sampling its Government coal purchases, and that the method of analyzing coal shall be that adopted by the American Chemical Society, which is the method followed in the analysis of Government coal by the Geological Survey.

I may add that as a part of this arrangement the technologic branch of the Geological Survey will sample the coal to be purchased under the contracts of the Panama Railway Company during the year 1908, as these shipments of coal are delivered from time to time from the cars to the ship at Norfolk, collecting the sample from each carload, and will make the necessary analyses and calorimeter determinations of each shipment of coal so sampled, reporting the same promptly to the Panama Railway Company officials, which report can be used as your basis of settlement. This work will be done without cost to the Panama Railway Company, except that the Panama Railway Company should pay the necessary traveling expenses from Washington to Norfolk and return, and the necessary living expenses, in no case to exceed \$4 per day for each of two men during the time that they will be required to remain in Norfolk, which would be during the time that the coal was being loaded from the cars upon board the ship. This would require the services of two samplers or inspectors of coal. The salary of these men, together with the cost of making the necessary analyses and calorimeter determinations (British thermal units or B. T. U.'s), would be borne out of the appropriation made by Congress for testing the fuels purchased by the Government for the use of the Government.

Either the Panama Railway Company or the coal company delivering the coal, or both, may have, if they so desire, a representative present to witness the sampling of this coal, and either or both, will, if they so desire, be given a portion of the sample collected.

In connection with the pending contracts as a means of deciding between the several competing companies, each might be asked to state, as indicating the quality of the coal they will furnish, the number of British thermal units that coal as delivered f. o. b. ship will on an average contain (at or above 14,500) and the company agreeing to furnish coal of the highest standard (as indicated by the number of B. T. U.'s) might be awarded the contract with the understanding that whatever standard (at or above 14,500 B. T. U.'s) might be agreed upon, there would be a premium or a penalty attached in accordance with the plan indicated above, in case the coal was above or below the standard fixed.

Respectfully submitted.

J. A. HOLMES, *Expert in Charge.*

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MEMORANDUM REPORT ON COALS OFFERED IN BIDS FOR COAL CONTRACT WITH ISTHMIAN CANAL COMMISSION, OPENED MARCH 23, 1908.

The following is the best information available in this office regarding coals offered, as well as the companies offering them to the Isthmian Canal Commission:

1. E. W. Williams; in the Birmingham district, Louisville and Nashville Mineral Railroad.

Locality of mine and the quality of coal not known, but in general the coal from this district is not comparable with Pocahontas coal (which is assumed as a basis of comparison in this memorandum), being much below in heat value and containing by comparison a heavier amount of ash.

2. Somerset Real Estate Coal Company; originating on Baltimore and Ohio Railroad in Somerset County, Pa.

Coal from this district, while inferior to Pocahontas, is a very good steam coal, high in calorific value and comparatively low in ash. The location of the mine not being given, it is impossible to get an analysis.

3. New River Consolidated Coal and Coke Company.

This company obtains its coal from the Sewell, Beckley, and the Fire Creek coal beds of the New River district of West Virginia, and ships to tide water over the Chesapeake and Ohio Railroad. These three beds furnish all of the genuine New River coal, most of the tonnage coming from the Fire Creek and Sewell beds. In view of this I would therefore suggest that should it be decided to purchase New River coal that the con-

tractor be required to furnish coal from mines operating in the Fire Creek or Sewall beds, located in the New River district, on the Chesapeake and Ohio Railroad, between Norton and Hawks Nest, or the branches connecting with the main lines between these stations. This will be found to be a better method than to specify a particular mine or mines, as it avoids the difficulty of shut-downs, strikes, etc., and gives the contractor a chance to distribute his cars among a number of mines with a view to prompt delivery at tide water.

New River coal is undoubtedly the equal of Pocahontas coal, as shown in the comparison of the analysis submitted herewith.

4. Davis Coal and Coke Company; Thomas's semibituminous coal, Thomas mines, Thomas, W. Va.

This company offers coal from the Middle and Lower Kittanning coal beds and ships over the West Virginia Central and Western Maryland (Wabash) to tidewater. The coal, while high grade, is not as clean as either the Pocahontas or New River. Unless it is prepared at the mine with a great amount of care it will be found to contain a very large amount of dirt. The navy-yard at Norfolk had a contract with this company, which the contractor was unable to fulfill on account of the high percentage of ash.

The Maryland geological survey reports a general average for this coal (the Thomas mine is just south of the Maryland State line) of more than 11 per cent of ash. In view of the long haul and the uncertainty of obtaining clean coal it is deemed unwise to recommend to you this coal for use on the Isthmus.

5. C. H. Sprague & Son; New River steam coal.

This concern is the sales agent for the New River Company, the latter being one of the large holding companies now controlling a number of individual mining companies. The remarks under 3 apply to the coal mined by this concern, which is also shipped to tide water by the Chesapeake and Ohio Railroad.

6. Castner, Curran & Bullitt.

This firm is the sales agent for practically all of the genuine Pocahontas coal mined. Pocahontas coal comes from the Pocahontas No. 3 bed of West Virginia, and is shipped to tide water over the Norfolk and Western Railway.

The large amount of coal which comes into the market under this name is much below the standard usually set for Pocahontas coal. Should this coal be selected, the limit of ash shown below should be made one of the requirements of the contract.

7. National Coal Company, of Baltimore; Georges Creek semibituminous coal.

This company is mining coal which they offer to ship to tide water over the Baltimore and Ohio Railroad. The coal known as "Georges Creek semibituminous" comes from the Pittsburg or "Big Vein" of Maryland, and is considered to be the equal of Pocahontas coal. A number of companies mining this coal are reported to be mixing a less superior coal than that of the Big Vein, which would lower it materially in efficiency. Specifications for this coal should therefore read: "Only coal from mines in the Georges Creek district working the Pittsburg or 'Big Vein' and having less than the limit of ash (shown below) will be accepted."

8. Maryland Coal and Coke Company; Maryland Company's Imperial coal; standard Pocahontas.

This company is only known to be operating in the Georges Creek district of Maryland, where they are working the "Big Vein;" the remarks under 3 apply also to them, provided Imperial coal comes from the Big Vein.

Nothing is known of the Pocahontas coal which they offer.

9. Merchants' Coal Company; Tunnelton, W. Va., coal; Elk Lick No. 3 mine, Georges Creek; Orenda coal.

It is not known where the coal offered by this firm originates. The Georges Creek which is offered above (under 9) is probably the best of the three. The remarks under 7 explain this.

10. Berwind-White Coal Mining Company; standard New River coal.

This company operates in the Fire Creek coal of the New River district of West Virginia and ships to tide water over the Chesapeake and Ohio Railroad. The coals of this district have already been discussed under 3. The same recommendations apply here, except that coal from their mines located in the New River district of West Virginia should be specified, as this company is a large operator elsewhere. An analysis of four cars showed a little less than 6 per cent of ash and a calorific value ranging from 13,979 to 14,526.

11. Smokeless Fuel Company; standard Pocahontas coal; New River coal.

This company is a sales agency for a combination of mines, and the remarks under 3 apply to the New River coal offered. Nothing is known of their Pocahontas coal.

12. Chesapeake and Ohio Coal Agency Company; Orcutt's New River steam coal.

This company is another one of the sales agencies for the New River operators; the conditions under 3 apply.

13. W. C. Atwater & Co.; Pocahontas semibituminous coal.

Nothing is known of this concern.

14. Pennsylvania, Beeck Creek and Eastern Coal Company; Webster grade, "equal to Pocahontas or New River."

This company operates a number of mines in Pennsylvania and offers, under the name of "Webster grade," a high grade of semibituminous coal known to the trade by the name of Clearfield. It is not superior to and it is doubtful if it is the equal of New River or Pocahontas coal. An analysis from one of the mines of this company is shown below.

15. Chesapeake and Ohio Coal and Coke Company; New River admiralty smokeless mine run.

This company has the sales agency for the New River Collieries' Company, operating in the New River district and ship to tide water over the Chesapeake and Ohio Railroad. The remarks under "3" apply.

*Analyses of coals.*

Samples.	Moisture.	Volatile matter.	Fixed carbon.	Ash.	Sulphur.	British thermal units.
Pocahontas, average of 4 samples taken in mines.....	3.32	16.66	76.50	3.52	0.56	14,808
New River, average of 10 samples taken in mines.....	3.22	18.89	73.88	4.00	.79	14,800
Georges Creek, 1 carload.....	3.42	17.65	71.84	7.09	.84	14,162
Clearfield, 1 carload.....	4.25	21.79	66.09	7.87	1.59	14,062

Pocahontas and New River coals delivered at United States Government building in Detroit, Mich., (1907) average of shipments for one year..... 14,500

New River coals delivered at United States Government buildings, Cincinnati, Ohio:

Average of shipments during 1906-7..... 14,500

Average of shipments during 1907-8..... 14,678

New River coals from 8 mines delivered United States fuel-testing plant, 1907, average of shipments for four months..... 14,483

REMARKS.—As indicated by the four last of the above list, carload lots of Pocahontas coal or the New River coal show higher percentages of ash and lower percentages of British thermal units than do the samples taken in the mines, as indicated by the two first analyses of the list; and these carload shipments are more nearly what can be counted on in commercial shipments.

The Georges Creek and Clearfield analyses were made on samples taken from 1 carload in each case, so that while they do not represent the entire districts in which they were mined, the percentage of ash is about right for these coals.

CIRCULAR NO. P—122—PANAMA RAILROAD COMPANY.

OFFICE OF ASSISTANT PURCHASING AGENT,  
24 State street, New York, March 11, 1908.

Sealed proposals will be received at this office until 3 p. m. Monday, March 23, 1908, at which time they will be opened in public, for furnishing all or any part of 360,000 tons of semibituminous coal required by this company during the twelve months ensuing from date of contract under the conditions hereinafter specified. *Bids for gas or bituminous coals will not be considered.*

Proposals must be signed by the bidder, inclosed in sealed envelopes, addressed to "E. A. Drake, vice-president Panama Railroad Company, 24 State street, New York," and envelopes marked "Proposals for coal, to be opened March 23, 1908."

F. C. NORDSIEK,  
Assistant Purchasing Agent.

FOR INFORMATION OF BIDDERS.

Proposals will be received for coal delivered c. f. i. (cost, freight, and insurance paid), on dock at company's terminal, Colon or Cristobal, or delivered on board steamers at any designated loading point on the Atlantic or Gulf coasts of the United States.

Coal required in cargoes from 4,500 to 6,500 tons, and steamers to draw not over 24 feet of water upon arrival.

The contractor will be given written notice by the company on or before the 15th of each month of the coal required for loading during the following month.

Coal to be of the best quality, equal in grade to the product of "Pocahontas" or "New River" regions as shown by certified analyses and tests; to be run of mine with a fair proportion of lump, dry and free from slate, sulphur, dirt, and other impurities, and subject to the usual inspection and tests.

Bidders to state brand and quality to be furnished and name of mine or mines from which it is mined, and further submit certificates of chemical analysis and boiler tests of said coal.

If the contractor or his representative at any time up to April 1, 1909, either directly or indirectly, or by means of rebates, sells, furnishes, or contracts to supply coal of equal grade to that furnished under contract to Panama Railroad Company to any other "export" consumer at a lower net figure than that submitted in this proposal, the Panama Railroad Company is to be placed upon the same basis as to price.

If purchase is made at a price delivered at the Isthmus, steamers to discharge on dock at either Colon or Cristobal, wherever desired by the Company, provided they can always lie safely afloat.

The railroad company, acting as agent of the contractors at Colon, will discharge their cargoes at the rate of 700 tons per day at a cost to the contractor of 20 cents per ton for unloading.

Steamer's lay days are to count from the time they are berthed and ready to discharge.

The railroad company guarantees to provide discharging berth for contractor's vessel not later than 9 a. m. on the day following their arrival at Colon, or on the Monday morning following if the vessel arrives on Saturday; and in the event that such berth be not then provided, the vessel's lay days shall count from that hour. If steamer arrives on day preceding a legal holiday, discharging berth to be given by 9 o'clock a. m. on the day following such a holiday.

The railroad company to pay demurrage to the contractor for failure to discharge the cargoes at the rate of 700 tons per working day, and the contractor to allow to the railroad company dispatch money for time saved to the vessel by reason of the railroad company discharging cargoes at a rate greater than 700 tons per working day, at the rate of 9 cents per net registered ton of the vessel per day, Sundays and holidays excepted.

Colliers must not arrive at Colon at intervals of less than six days, and in the event that this condition be not complied with by the contractor the railroad company not to be held responsible for any demurrage resulting from such noncompliance.

Wharfage, light, and all other port dues at loading or discharging ports to be at the expense of the contractor.

#### TERMS OF PAYMENT.

For coal delivered c. f. i. Colon or Cristobal, cash at the company's office in New York upon presentation of accomplished bill of lading showing delivery of cargo to the company's agent at the Isthmus; the company to, if requested, advance to the steamer on account of total freight money due her (making note thereof on bill of lading) funds in American currency or its equivalent sufficient to pay regular port charges, etc., provided that such advance shall not in any case exceed one-third of the total freight money due the vessel, the contractor to pay an agency charge of \$50 per ship to the railroad company.

For coal delivered f. o. b. United States loading point, cash at the company's office in New York thirty days after presentation of bills of lading signed by the captain of the steamer carrying coal cargo to the Isthmus.

In case of the failure of the contractor to comply with the stipulations of his contract, the company shall have the right to supply the deficiency in the open market or otherwise, and the contractor to agree to make good any loss resulting to the company in consequence of such failure.

Neither the contract nor any interests thereunder shall be transferred or assigned to any other party or parties, and in case of such transfer or assignment or other breach of contract on the part of the contractor the Panama Railroad Company may refuse to carry out its contract with the contractor, and all rights of legal action against the contractor for such breach of contract be reserved to the company.

The quality of the coal offered, the ability of contractors to furnish it, and the responsibility of the parties submitting bids thereon will be considered in making the award.

The company reserves the right to reject or accept any or all bids or any part thereof.

Except with the consent of the Panama Railroad Company, only steamers of the single-deck type are to be provided for the carrying of coal to be delivered c. f. i. Colon.



## EXHIBIT No. 3.

Tabulation of bids opened March 23, 1908 (Circular P-122), for Isthmus coal.

Bid No.	Name of bidder.	Quantity offered.	Prices.	Point of delivery.	Brand of coal or name of mine.
1	E. B. Williams	360,000	\$2.60	Panascola	From Birmingham district.
2	Somerset Real Estate Coal Co.	200,000	\$1.15	Somerset County, Pa.	
3	New River Consolidated Coal and Coke Co.	100,000	{ Apr. to Sept., \$2.65. Oct. to Mar., \$2.80.	Newport News.	Thomas semibituminous, Thomas mines, Thomas, W. Va.
4	Davis Coal and Coke Co.	360,000	\$2.18	Baltimore	{ New River steam coal. (Will meet any lower price made on genuine New River or Pocahontas coal.) { Pocahontas. (Conditions of present contract to apply. In case of strike they will supply other coal as nearly equal to theirs as possible at the market price of such coal.)
5	C. H. Sprague & Son (New River Co.)	360,000	{ Apr. to Aug., \$2.65. Sept.-Mar., \$2.80.	{ Newport News.	{ Georges Creek coal, from Washington and Borden mines.
6	Castner, Curran & Bullitt.	(a)	{ Apr.-Aug., \$2.65. Sept.-Mar., \$2.80.	Norfolk	Imperial. (Clearfield County, Pa.)
7	National Coal Co.	25,000	{ \$2.73. \$2.80.	Baltimore	{ Pocahontas from No. 3 seam on North Fork branch of Norfolk and Western Railway.
8	Maryland Coal and Coke Co.	{ b 20,000 b 10,000	{ Apr.-Aug., \$2.65. Sept.-Mar., \$2.80.	{ Lamberts Point. Baltimore (Curtis Bay pier) Philadelphia	Tunnelton coal, Tunnelton, W. Va.
9	Merchants Coal Co.		{ \$2.08. \$2.15. \$2.23 \$2.30 \$2.53	Baltimore (Curtis Bay pier) Philadelphia	Elk Lick No. 3 from Georges Creek seam, Elk Lick, Pa.
10	Berwind-White Coal Mining Co.	360,000	{ Apr.-Aug., \$2.65. Sept.-Mar., \$2.80.	Philadelphia	Oreanda coal, Boswell, Pa.
11	Smokeless Fuel Co.	360,000	{ Apr.-Aug., \$2.65. Sept.-Mar., \$2.80.	Hampton Roads ports.	Berwind's standard "New River." (If desired, will furnish a limited amount of Berwind's "Pocahontas."
12	Cheapeake and Ohio Coal Agency Co.	100,000	{ Apr.-Aug., \$2.65. Sept.-Mar., \$2.80.	Newport News.	Standard Pocahontas and (or) New River (Miltreus). (Orcutt's New River steam coal mined in Raleigh and Fayette counties, W. Va.)
13	William C. Atwater Co.	360,000	{ Apr.-Aug., \$2.65. Sept.-Mar., \$2.80.	Lamberts Point.	Pocahontas semibituminous.
14	Pennsylvania Beech Creek and Eastern Coal Co.	100,000	{ \$2.60. \$2.53	Philadelphia	Webster coal, from Ehrenfeld, Pa.
15	Cheapeake and Ohio Coal and Coke Co.	200,000	{ Apr.-Aug., \$2.65. Sept.-Mar., \$2.80.	Baltimore Newport News.	New River, "Admiralty." (Same quality as furnished this year and last.)

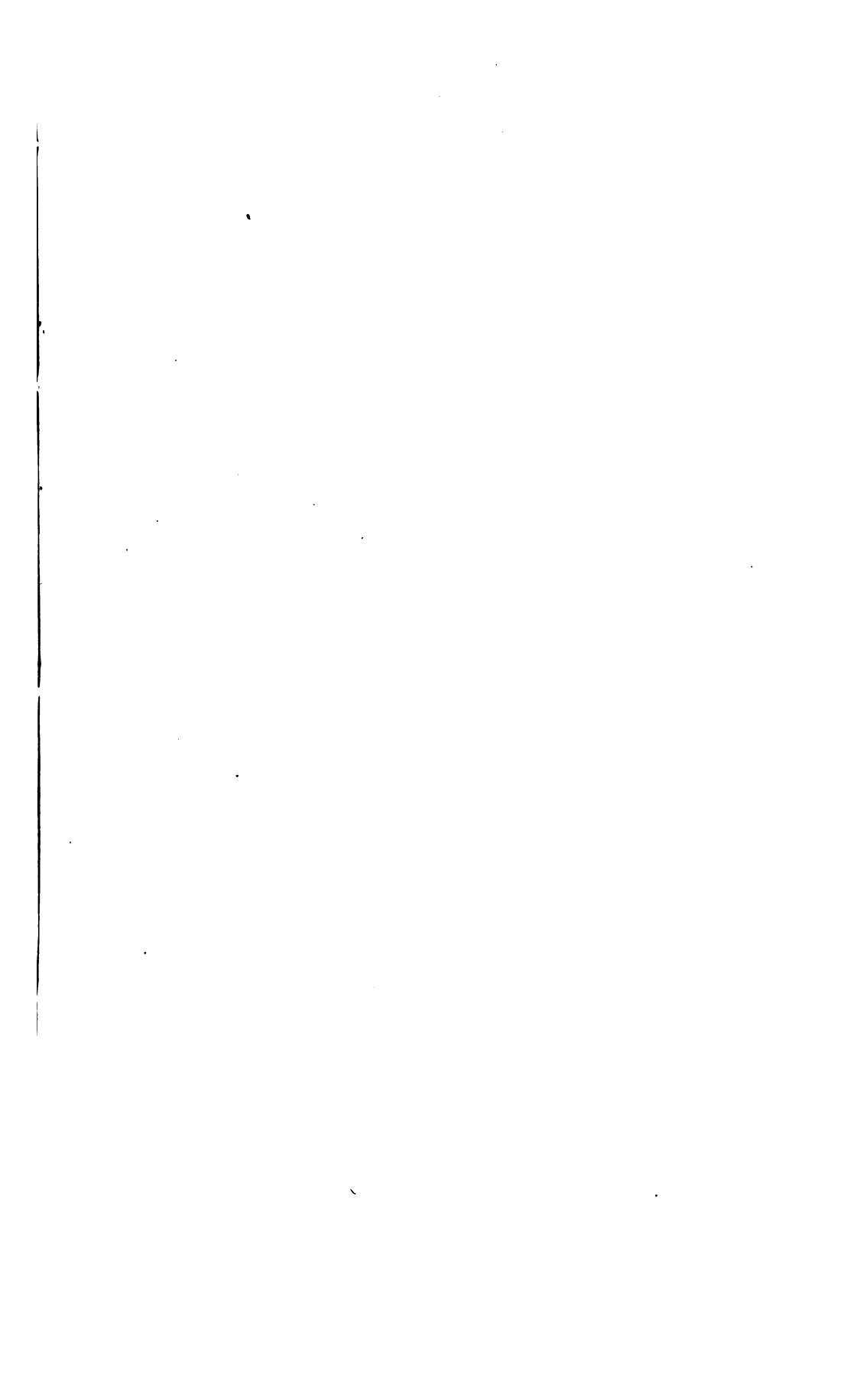
<sup>a</sup> Minimum, 240,000; maximum, 300,000. Equal monthly installments.

<sup>b</sup> Monthly.

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18 May '09













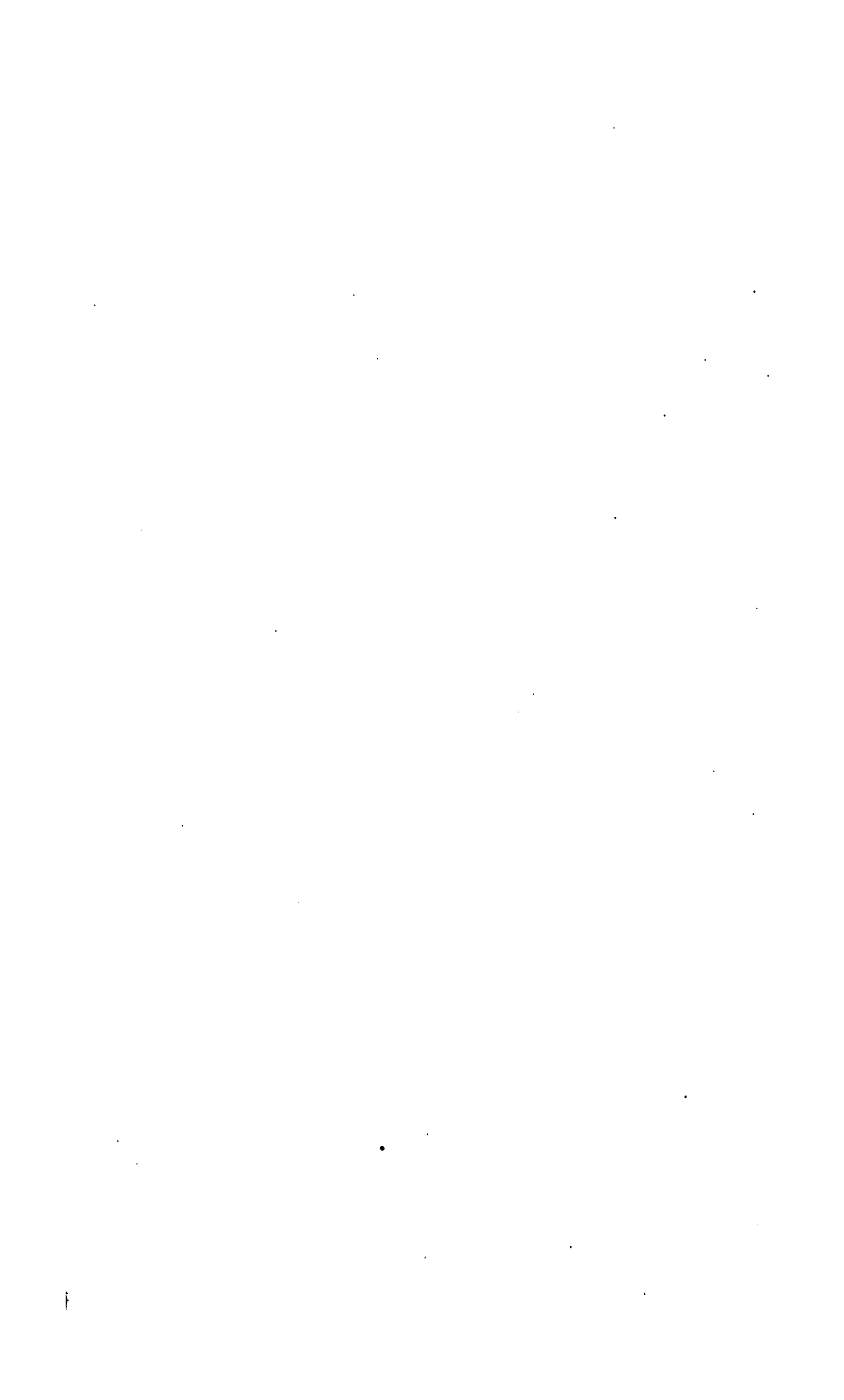






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